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NEWSPAPER

Advertising Age

September 10, 1990

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LAST MINUTE NEWS

Saatchi stock falls

LONDON—Saatchi & Saatchi Co.'s share price fell to a new low of 51 pence on Friday when the company announced it wouldn't make the first half of a $12 million dividend payment due Oct. 6 to holders of a $190 million convertible preference share issue. The move wasn't unexpected because Saatchi stopped paying dividends to ordinary shareholders as of the financial year ended Sept. 30, 1989. "The bad news is it alienates shareholders and there was a further fall in the share price from 62 pence," said Mark Shepperd, an analyst at U.K. stockbroker Phillips & Drew. "The good news is that [Saatchi] has saved some money."

Kellogg, Texas battle

DALLAS—A U.S. District judge on Friday denied Kellogg Co.'s request for a temporary restraining order forcing the Texas Department of Health to lift its detention of Heartwise cereal. The judge did agree to hear Kellogg's case against the Texas

(Continued on Page 8)

Dentsu eyes Ayer

World's largest shop wants minority stake

By Gary Levin and David Kilburn

Dentsu is negotiating to buy a substantial minority stake in N W Ayer, said sources close to the talks.

If a deal is struck, it would instantly make Dentsu a major player in the U.S. agency business while providing Ayer with a big cash infusion.

The two agencies already work together on at least two major accounts. Ayer's Chairman-CEO Jerry Siano has previously said he'd be interested in pooling interests or in a minority sale, provided Ayer management remains in place and the agency remains privately held.

Mr. Siano couldn't be reached at press time.

Sources close to Dentsu confirmed the talks, indicating the Tokyo-based agency giant would pay cash to buy more than 40% of Ayer.

Advertising Age estimates the value of such a deal at $75 million to $100 million, based on industry formulas.

Top Ayer executives deny there's an imminent plan for Dentsu to buy a minority stake; Dentsu declined comment.

"Something like that, in the future, could very well happen, but there's nothing concrete, there are no [acquisition] overtures, there's no letter of intent or anything meaningful right now," said Thomas Maxey, Ayer vice chairman.

If both Collett Dickenson Pearce and Ayer could be added to the Dentsu fold, the communications company would have a broad scope of worldwide holdings.

Dentsu has "made various overtures" about jointly handling more client business, Mr. Maxey said.

"They've talked to us about sharing offices in New Zealand, Australia and Hong Kong" as part of a joint venture, he said.

Ayer has small offices in the region but has focused its international expansion efforts on acquisitions in Canada and Europe.

A source close to Ayer, however, said he didn't believe Ayer has ruled out a much broader financial deal with Dentsu.

"If there was any [interest], I think it's still alive," the source said.

For cash-rich Dentsu, the deal would mean the realization of a global ambition. The agency conglomerate is by far the world's largest with billings of more than $10 billion. But Dentsu is relatively weak in the U.S. and Europe, where its main presence is through its 33% stake in HDM Worldwide.

Dentsu is negotiating with Collett Dickenson Pearce, London, about a European buyout (AA, July 23), and if Ayer also could be added to the Dentsu fold, the communications company would have a broad scope of worldwide agency holdings.

Besides a one-third interest in HDM, Dentsu owns DCA Advertising, a New York agency with billings of $100 million.

Ayer, with 1989 billings of $1.4 billion, generated 61% of its income in the U.S. last

(Continued on Page 86)

Shugrue on course

Why he thinks the airline will survive

Martin R. Shugrue, 50, the trustee appointed by federal bankruptcy court to run Eastern Airlines, is about to embark on a make-or-break repositioning program to win higher-paying business travelers (see story at right). The carrier's new direction was preceded by an earlier "100 Days" ad campaign, via Ogilvy & Mather, New York, in which Mr. Shugrue appeared as corporate spokesman.

ONE ON ONE

Advertising Age's Southwestern Bureau Chief Jennifer Lawrence talked to Mr. Shugrue in Houston about Eastern advertising and the new plan, which will be officially unveiled at a news conference Sept. 11.

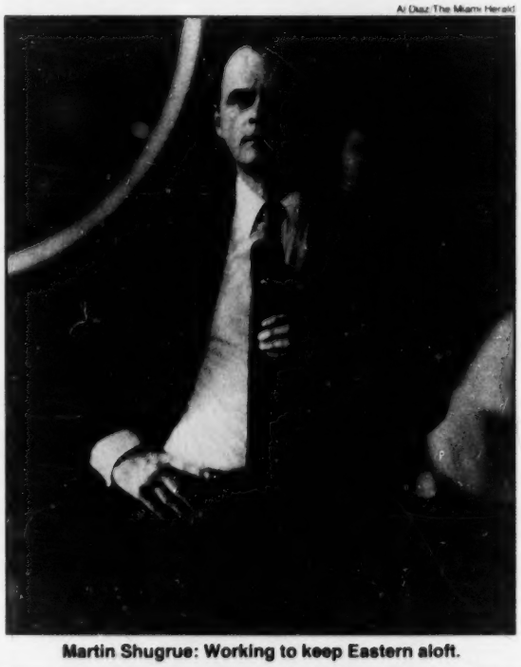
Advertising Age: *Why do you think your plan to lure business travelers this fall will work?*

Mr. Shugrue: We're going to introduce some new concepts for business fliers, who have told us that in no uncertain terms they are very, very unhappy with the quality of the nation's airline product for them. They're paying four times what everyone else pays and they sit in the center seat in the middle of an economy row.

We're going to add capacity to our airplanes in our first-class cabin to accommodate the people who are paying the business flier fares. We're going to say candidly and directly—fly on Eastern when you pay that kind of fare and you fly first class. When you fly

(Continued on Page 86)

Al Diaz/The Miami Herald



Martin Shugrue: Working to keep Eastern aloft.

Eastern sets last-ditch upgrade plan

By Jennifer Lawrence

Eastern Airlines this week unveils a repositioning that could help determine whether the carrier survives.

Under federal bankruptcy protection since March 1989, Eastern will double first-class seating capacity on all planes and offer those seats at unrestricted coach fare prices, said Martin Shugrue, the court appointed trustee who has run the airline since April. Eastern has already priced its coach fares at least 15% lower than competitors.

The move will be accompanied by an overhaul of fleet interiors and an upgrade of in-flight service, at a cost of $8 million to $10 million annually. On average, first-class seats per plane will increase to 24 from 12.

To promote the value-added first-class service, Eastern next week will begin an estimated $20 million TV and print campaign featuring Mr. Shugrue.

"This is Shugrue's acid test," said one airline-industry analyst. "If this doesn't work, Eastern fails."

Eastern's strategy to attract business travelers comes at the end of Mr. Shugrue's self-proclaimed "100 Days," the campaign in which he told consumers Eastern was working on its problems. That advertising, launched in mid-June, set the stage for this critical push to attract the higher-paying business traveler.

This new effort could mark the end of Mr. Shugrue's role as corporate pitchman, as future advertising focuses more on the product.

If successful, the upgrade program will guide the carrier

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Special report on radio after P. 54

What's next for World Brands P. 57

NEWS SUMMARY

■ **Dentsu** is reportedly negotiating to buy a minority stake in N W Ayer. Neither agency would confirm the report. 1

■ **Eastern Airlines** will begin an ad campaign Sept. 17 promoting value-added service that will include increased first-class seating at coach prices. 1

■ **RJR Nabisco** is said to be negotiating the sale of its 20% stake in ESPN to Hearst Corp. 3

■ **Burger King Corp.** says it will keep its "Sometimes you've gotta break the rules" theme despite criticism. 3

■ **General Motors** will emphasize flexibility in its car divisions' 1991 model-year campaigns, due to market volatility. 3

■ **Benson & Hedges DeNic** will begin test marketing next month. It is the third de-nicotinized cigarette from Philip Morris USA. 4

■ **Fat-free foods** are showing mixed results in the marketplace; dressings are doing well, yogurt not so well. 6

■ **Promotion industry** executives say an economic downturn could benefit their field at the expense of media advertising. 20

■ **Prodigy Service Co.** begins a new campaign later this month for its ad-supported videotex service. 24

■ **South Korea** is attracting more foreign ad agencies, though 60% of its estimated $2 billion annual ad volume is handled by house agencies. 25

■ **New Jersey's tax** on Yellow Page ads may spread to other states, ad clubs are being warned. 35

■ **G. Gordon Liddy**, a key figure in the 1972 Watergate break-in, is appearing in print ads for Banfi Vintners. 38

■ **Wilkinson Sword USA** will introduce a number of new products in the next six months, including a line of personal-care products. 39

■ **Nintendo of America's** new two-part ad campaign is designed to reach men as well as boys. 40

■ **Advertising spending** growth around the world is slowing down, due to economic recessions and the Middle East crisis. 81

■ **An ABC-TV study** reported that 77% of adults who vacationed away from home this summer watched TV an average of 3 hours a day. 81

■ **The AFL-CIO** will begin a $3 million "Union yes" campaign Sept. 24; the Air Line Pilots Association also hopes to launch an image effort later this year. 82

■ **Barbie dolls** dressed in Benetton fashions will be marketed in Europe and the U.S. in 1991 under an agreement between Benetton and Mattel. 83

■ **Seven-Up Co.** said it will boost media spending for Diet 7UP 47% next year. 84

■ **The TV networks** have added more "stunting" to kick off the new season, airing new shows early and outside their regular time slots. 88

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Future of the 'Post' depends on unions

By Scott Donaton

The *New York Post* and its unions will be locked in intense negotiations this week that will determine the struggling daily's fate.

Post President-Publisher Peter Kalikow said last week he would have to fold the tabloid unless its unions agreed to $17 million in concessions by Sept. 15.

With the No. 3 daily in the the nation's largest newspaper market on the verge of collapse, officials at the Allied Printing Trades Council, the umbrella organization for the paper's nine unions, said they would try to work with Mr. Kalikow to save the tabloid.

But the *Post's* largest union, The Newspaper Guild—which represents reporters, editors and ad salespeople—voted last week to reject the management demands, calling them "obscene and degrading."

The move was viewed by both sides as a negotiation tactic designed to force Mr. Kalikow to reduce his demands.

Analysts have been writing the *Post's* obituary for years, but the current problems combined with the soft New York ad market may finally mean the end.

"New York cannot sustain four newspapers [now], and the local economy doesn't look like it's going to get better quickly," said Andrew Marcus, a media analyst with investment banker Henry Ansbacher Inc.

Mr. Kalikow last week told the unions he would be forced to close the paper if costs were not cut by $27.4 million by Sept. 15. The concessions he wants from the unions include cuts in salary, staff and overtime.

If there's an agreement, the *Post* may have archrival *Daily News* to thank.

"We will evaluate if we can help them and will make every effort to do that because they've been a fair and decent management, unlike the group across town," said George McDonald, president of the council, which also is the umbrella group for unions at the *Daily News* and *The New York Times*.

DAILY NEWS
HOME FRE
NEW YORK POST
Hometown boy roars into Open semis . . .
MAC'S BACK!
. . . AND SO IS LT
Giants star ends holdout – signs 3-year, $5M deal
METS LOSE TWO

The *Post* could benefit from acrimony between management and unions at the *Daily News*.

The "group across town" is the management at the Tribune Co.'s *Daily News*, which has been negotiating with its unions since the beginning of the year.

The war of words heated up last week after the unions sent letters to more than 350 *Daily News* advertisers and their agencies, asking them for a boycott.

"The hard-line attitude the *Daily News* is taking with the unions is clearly helping the *Post*," Mr. Marcus said.

But Mr. Marcus and other media analysts warned the deep cuts would mean only a "temporary fix" for the *Post*.

Richard Nasti, VP-general manager at the *Post*, said in a statement last week he was optimistic the newspaper could be saved.

"We believe that given our firm relationship with our unions, we can find the temporary relief that will allow the paper to continue," he said.

But the *Post* has been practically crippled this year by cuts in advertising.

Ad linage fell 29.7% in the first half of 1990, compared with the a year earlier, Arbitron/LNA Multi-Media Service reported. The year-ago figure includes linage for the short-lived Sunday edition which folded last November after eight months.

The competition didn't fare much better. Ad linage at the *Daily News* fell 14.7%. Times Mirror Co.'s *Newsday* and *New York Newsday*, the latter of which has been trying to make inroads into the New York City market, saw their combined linage dip 11.3%. The *Times'* linage fell 12.9%.

Meanwhile, Audit Bureau of Circulations reported the *Post's* circulation was 504,000 for the six months ended March 31, down 5.8% from a year earlier. The *Daily News* reported an average daily circulation of 1.18 million down 4%.

Mr. Kalikow said last November that the *Post* had lost $80 million since he bought it from Rupert Murdoch in March 1988. Howard Rubinstein, a spokesman for Mr. Kalikow, wouldn't comment on the *Post's* losses since then but said, "The paper is bleeding; it's been hit hard financially." □

Defense ad theme shifts

By Janet Meyers

WASHINGTON—The U.S. Department of Defense is deep-sixing its "Opportunity is waiting for you" ad slogan, fearing it might scare off potential military recruits with visions of the parched Saudi Arabian desert.

A substitute theme, "Stand up. Stand out," will begin appearing in the next several weeks in magazine ads for the joint recruiting campaign that encompasses all military branches.

"With what's going on in the Middle East, we decided this message is more appropriate," said Lt. Col. Dave Fredrikson, assistant director of advertising for the joint recruiting command.

This is the first change in military ads brought about by the Middle East crisis. The Armed Forces spend about $200 million a year on advertising, $15 million to $20 million of which is spent by the joint recruiting command.

"Stand up" finished second to "Opportunity" in focus group tests when department recruiters were developing a new joint campaign a year ago.

Grey Advertising, New York, is the agency.

MIDDLE EAST CRISIS

While the print ads' graphics will remain the same, copy will shift its focus to patriotism from the educational benefits of military service.

A half-page spread will appear in the next several weeks in publications ranging from *Hot Rod* to *Parade*; TV isn't planned because of budget cutbacks.

Lt. Col. Fredrikson said the conflict hasn't affected enlistments yet.

"The recruiter on the street hasn't seen that much difference," he said. "The applicant is aware of what's going on overseas, but his reason for enlisting is still the same."

The Army plans no changes in its ads, said Lt. Col. Alex Angelle, chief of public affairs at the Army Recruiting Command. Young & Rubicam, New York, handles.

"We thought about making changes, but we decided not to," said Capt. Robert Kelly, director of recruitment advertising for the Navy, whose agency is BBDO Worldwide, New York. Changes couldn't be made soon enough on TV spots slated to break during October sporting events, he said.

The National Guard's advertising won't change, said Doug Laughlin, VP-management supervisor for Bozell, New York, which handles the account. "American at their best," the current theme "seems to fit this occasion pretty well," he said.

The Air Force, also at Bozell, will stick with its longtime "Aim high" theme.

The Marine Corps, which may produce a new spot this fall in its continuing "We're looking for a few good men" campaign, has no plans for change. J. Walter Thompson USA, Atlanta, handles. □

SPECIAL REPORT

Radio

Edited by Junu Bryan Kim

Why use radio? S-2
Agencies build up to handle queries from marketers looking for ad alternatives.

Network scramble S-6
Newcomers find niches in merger-happy world of network radio.

Early line S-10
Upfront radio selling should come in around last year's, but nets are optimistic.

Format forecasts S-16
Experts look at what's hot and what's cold among the top radio formats.

Rob Pyzanski

BAROMETER

KVIL-AM/FM in Dallas and WGN-AM in Chicago must get a lot of unsolicited resumes.

These two stations were the only ones to receive more than 100 votes in a survey conducted by James H. Duncan Jr., asking 600 radio station managers which stations they admire most.

Despite the advertising community's tendency to send radio dollars to Los Angeles—six of the top 10 billing stations are in Los Angeles—only two Los Angeles stations are among the 10 most admired by station managers.

The ability to pull in ad dollars doesn't seem to factor among station managers. For example, WRBQ-AM/-FM in Tampa, Fla., is the fifth most respected station but No. 26 in billing volume. No. 1-rated KVIL is the 15th largest billing station.

Top billing stations

($000,000)

1.	WGN-AM, Chicago	$37.4
2.	KABC-AM, Los Angeles	35.0
3.	KIIS-AM/FM, Los Angeles	31.7
4.	KOST-FM, Los Angeles	28.8
5.	KPWR-FM, Los Angeles	28.7
6.	WINS-AM, New York	25.0
7.	WLTW-FM, New York	24.0
8.	WCBS-FM, New York	23.5
9.	KRTH-AM/FM, Los Angeles	22.4
10.	KLOS-FM, New York	22.0
11.	KMOX-AM, St. Louis	21.7
12.	KNX-AM, Los Angeles	21.5
	WCCO-AM, Minneapolis	21.5
	KGO-AM, San Francisco	21.5
15.	KVIL-AM/FM, Dallas	21.0
	WJR-AM, Detroit	21.0
	WHTZ-FM, New York	21.0

Most admired stations

By number of votes a station received from station managers.

1.	KVIL-AM/FM, Dallas	114
2.	WGN-AM, Chicago	110
3.	KMOX-AM, St. Louis	94
4.	KIIS-AM/FM, Los Angeles	75
5.	WRBQ-AM/FM, Tampa, Fla.	70
6.	WCCO-AM, Minneapolis	63
7.	WHTZ-FM, New York	52
8.	KGO-AM, San Francisco	36
9.	WJR-AM, Detroit	32
10.	KABC-AM, Los Angeles	27
11.	KDKA-AM, Pittsburgh	26
	KNIX-AM/FM, Phoenix	26
13.	KIRO-AM, Seattle	24
14.	WTIC-AM/FM, Hartford	22
	WMMS-FM, Cleveland	22

Source: "Duncan's Radio Market Guide, 1990 Edition"

HOLLY SEGUINE

Radio rebuilds its ad base

While Sears and GM flee, medium more viable for others

By Wayne Walley

Item: Burger King Corp. is cooking up a strategy to use more radio advertising in its battle to dent the domination of McDonald's Corp., and could boost spending by 50%.

Item: Volkswagen of America, as a hedge against the increasing cost of TV time, has more than doubled radio spending.

Item: Xerox Corp. will move a radio-only call-in campaign nationwide, after the campaign's successful test in Phoenix.

Item: Anheuser-Busch Cos. called its summer promotion, "Budweiser Rock and Roll Summit," "the largest rock 'n' and roll radio event in Budweiser's 114-year history."

That's all welcome news to local radio stations and national radio networks, smarting from radio advertising cutbacks by such stalwarts as General Motors Corp. and Sears, Roebuck & Co.

With Burger King, Volkswagen, Anheuser-Busch and other marketers planning major radio schedules this year, the outlook in 1990 is for the industry to show the steady growth in ad revenues that characterized the medium during the last decade.

Radio Advertising Bureau estimates 1990 radio ad revenues will top $9 billion for the first time, up 7% from 1989. Last year, radio ad revenues increased 6.6% from 1988 to $8.4 billion.

And many industry watchers believe radio is poised for massive growth in the '90s, with sales of $22 billion predicted by the year 2000. This averages out to a 9% annual increase.

"Radio more than other media has the flexibility, the marketability, the promotability and the price to fit advertisers' needs as a primary or secondary medium," says Tony Miraglia, VP-general manager, CBS Radio Representatives, New York.

Louis Severine, senior VP-director of sales for ABC Radio Networks, says radio has consistently increased revenues every year since the early 1950s.

Although ABC lost GM for the first half of 1990, Mr. Severine says VW, Audi of America, Marriott Corp., B.F. Goodrich, TGI Friday's, USA Network, Whirlpool Corp., NutraSweet Co., Noxell Corp., H.J. Heinz USA and FTD/Florists' Transworld

(Continued on Page S-2)

Why radio? Shops gird for queries

As marketers look for ad alternatives, agencies build some savvy responses

By Laura Loro

Ad agencies, struggling to justify incessantly increasing TV prices to cost-conscious clients, are giving another listen to the thriftier alternative of radio.

"People are examining radio more [now] than in the past five or six years," says Sam Michaelson, VP-radio, Saatchi & Saatchi Advertising, New York, who founded the agency's radio department in 1976.

Clients are asking questions about radio, she says. "Those questions will turn into dollars."

For example, Florida Citrus Commission, a Saatchi client, used radio to promote grapefruit juice in 35 markets last year. Because of the campaign's success, a similar radio effort will run in October for orange juice in about 25 markets, says Eugene Richmond, director of advertising and promotion.

As a result, Mr. Richmond says the commission will spend $2 million this year on radio—double last year's amount.

Similar increases elsewhere coincide with an improved perception agencies have of radio, leading them to direct dollars earmarked for other media into radio.

"Budgets get tighter, and people look at alternatives," says Denise Beaudoin, broadcast manager at CPM Inc., a media-buying service in Chicago. "Radio is one of those options."

According to Ms. Beaudoin, the Wags chain of Marriott Corp., a CPM client, boosted its portion of dollars allocated to radio from 15% last year to 60% this year. As a result, the TV portion of the budget shrank from 85% to 40%.

> **"Radio is expensive for an agency to buy. If you change the commission structure and the vendor does more work, the incentive to use radio is much greater."**

CPM also encouraged Quintessence Inc. to enter the radio world this year. The cosmetics company spent an estimated $300,000 in 10 markets to promote its Nouvage nail polish for six weeks.

"We did buy radio on an upfront basis and realized some nice savings," Ms. Beaudoin says.

In addition to satisfying budget-conscious clients, agencies are being encouraged to investigate radio through changes in agency compensation systems and incentive plans based on clients meeting established sales goals.

Many agencies have avoided radio simply because the compensation realized from radio buys under the traditional commission system didn't justify incurring the expenses in evaluating the radio options and placing a buy.

"Radio, despite a low price, is expensive for an agency to buy," says Ralph Guild, chairman of Interep Radio Store. "The commission fee the agency gets vs. the time to execute the buy meant an agency could lose money," he says. "If you change the commission structure and the vendor does more of the work, the incentive to use radio is much greater."

Although agencies see radio in a better light, they realize that their creative output must improve to maintain their clients' interest in the medium.

Observers say good radio spots often are tougher to create than TV, and agencies prefer the more glamorous world of TV.

"Radio is often written by junior copywriters. Senior copywriters and creative directors generally are doing TV and great print," says Harley Flaum, president, Radio Band of America, New York, which creates radio advertising for such clients as Xerox Corp., McDonald's Corp., Sony Corp. of America, and agencies such as W.B. Doner & Co. and Zechman & Associates, both Chicago.

"There is a built-in prejudice in the agency system against good radio creative," he says.

This lack of outstanding creative output stems from a misunderstanding of the medium, says Charlie Breen, exec VP and co-creative director at Backer Spielvogel Bates, New York.

"They think radio ads should consist of a song or should have an announcer," he says. "People think radio is an information medium when it is really an image medium as well."

Another area where agencies go wrong is by trying to put a TV idea on radio—a concept that doesn't play. Advertising needs to be done just for radio, says Hunter Murtaugh, senior VP-music director, Young & Rubicam, New York.

"What makes a good radio spot is the in-

(Continued on Page S-4)

Rebuilding the ad base

(Continued from Page S-1)

Delivery Association are in for the first half or full year as new or returning advertisers after at least a year's absence.

Gary Langstaff, exec VP-marketing for Burger King, says the fast-food chain's radio spending in 1990 could increase by as much as 50% to an estimated $36 million. This would represent about 18% of the company's total ad spending.

"There is an option now with radio," Mr. Langstaff said at the Radio Advertising Bureau's workshop this summer. "Segmentation is the marketing of the future, and radio excels in targeting specific consumer segments."

The fast-food chain used a series of radio programs tied to the Fourth of July and Labor Day holiday weekends.

William Gelgota, director of marketing for Volkswagen of America, says the high cost of TV time forced the company to seek other media for its message.

"We used radio sparingly in the third quarter last year, [but] this time we're in all year long," Mr. Gelgota says. "We didn't just double radio spending, but increased it in multiples."

Volkswagen's agency, DDB Needham Worldwide, Detroit, is using a "personal media network" philosophy and suggested radio to add frequency to the automaker's "*fahrvergnugen*" campaign.

"It's worked well," Mr. Gelgota says. "The creative and the frequency of impressions has even prompted the dealer organization, always strong for TV, to shift some weight to radio, too."

The decision last year to establish a separate creative unit for radio by Backer Spielvogel Bates, New York, also underscores what seems to be a new emphasis on radio in the ad community. The agency doubled its radio ad production spending in 1989 and expects to double it again this year.

"Advertisers are not letting agencies ignore radio anymore," says Ralph Guild, chairman of Interep Radio Store.

Mr. Guild says his sales rep company alone could do up to $550 million in business this year, thanks to the addition of new advertisers, including Black & Decker and Walt Disney Co.'s Buena Vista Pictures Marketing, and new business from several New York agencies, including BBDO Worldwide, Foote, Cone & Belding, Lois/GGK and Wells, Rich, Greene.

"Radio has emerged as a medium of interest again to clients," says J. Walter Reed, senior VP-corporate director of spot broadcast for FCB. "Colgate is looking at radio when historically they haven't."

Radio also is expected to play a key role this year in Bertolli's testing of a new olive oil spray and in Miller Brewing Co.'s regional Leinenkugel beer.

Nutri/System Inc., which has enlisted radio personalities across the country in its marketing campaign, will continue to set aside at least 50% of its ad budget for radio. "We make this commitment to radio for one reason only: it works," says James Millard, VP-communications for Nutri/System.

Xerox, as another example, recently completed a radio-only campaign as a test in Phoenix, handled by Backer Spielvogel Bates, New York. Of all the people who called in because of the spot, 25% bought the product, the agency says, adding Xerox plans to expand the campaign nationwide.

Results like this have led Xerox Office Products dealers to increase radio spending from 15% of their total ad expenditures in 1987 to 20% today, while reducing newspaper spending, says Charlie Blackmon, manager-advertising and sales promotion.

But some previous radio stalwarts are taking a leave of absence from the medium.

General Motors will not be using radio to introduce its upcoming Saturn automobile line. It's also bypassed radio for print and TV in the initial phase of a campaign designed to extol GM's improved quality.

And Sears has decided to try other media. Although the company directs a sizable amount of its advertising budget to network radio—it was the largest network radio advertiser in this year's first quarter—it has directed more of its budget into network and cable TV, says Tom Morris, VP-marketing for the Sears Merchandise Group.

"Overall, we're not spending less on advertising; we're just changing our mix of media," Mr. Morris says.

Whether these advertisers will return remains to be seen.

But as Mr. Severine notes, there is growth despite the 25% attrition rate among advertisers in the medium.

Warren Potash, president of the Radio Advertising Bureau, says many advertisers are starting to recognize radio's ability to target audiences, and agencies are being given more incentive to use the medium.

"In TV, they sell target audiences of 18 to 49 or 25 to 54. That's not a demographic, that's a family reunion," Mr. Potash says.

"Advertisers are realizing the efficient way to reach a smaller target is on radio."

"One of the terrific things about radio is it can be highly targeted in terms of stations' formats and in terms of programs," says Mr. Blackmon.

"[Radio] is really a delivery system. We are buying listeners in the most targeted, cost-efficient manner we can," says Ben Bishop, senior VP-management, D'Arcy Masius Benton & Bowles, Chicago. □

Radio's top 5 national advertisers for 1989
Advertiser | Total radio spending | % change
Sears, Roebuck & Co. | $107.0 million | 15.0%
General Motors Corp. | $74.8 million | (4.7)
Chrysler Corp. | $53.6 million | 75.0
Anheuser-Busch Cos. | $49.8 million | 3.5
Philip Morris Cos. (Kraft/GF, Miller) | $47.3 million | 8.5
Radio advertising revenues (billions)
$9
8
7
1985
'86
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'88
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Contributing to this story were Scott Hume and Kate Fitzgerald in Chicago and Philadelphia correspondent Laura Loro.

Radio reps take the initiative

One-stop shopping booms

By Laura Loro

Agencies can hardly be faulted for forgoing radio when it comes down to a cost-benefit analysis. It boils down to a clear-cut case of economics.

Up to 60¢ of every $1 in commission paid to an agency for radio spots goes to cover costs incurred in placing those spots. In comparison, labor costs realized in placing TV spots eat up only 10¢ of every $1 in commission, says Ralph Guild, chairman, Interep Radio Store.

To bring these costs more in line and encourage advertisers and agencies to consider radio, radio rep companies are doing more of the labor themselves.

"Reps have more resources now to do one-stop shopping," says Jim Carnegie, editor and publisher of the newsletter *Radio Business Report*.

With one-stop shopping, an agency can maintain contact with one individual at a rep company who helps the agency coordinate research; determine how much radio to use and what stations to buy; and place buys, even on stations the representative does not rep.

Mr. Guild believes one-stop shopping could make buying radio as profitable for agencies as network TV.

At Interep, which owns six national radio rep companies, reps have gone beyond the traditional route of calling on media buyers and now are dealing more with the planners and account execs, Mr. Guild says.

"The fact is print has been doing this for 50 years," Mr. Guild says.

By providing one-stop services, rep company employees can get into the agency before buyers know about potential deals, Mr. Guild says.

Katz Radio Group has expanded its business and marketing efforts, according to President Ken Swetz. Katz is comprised of six national rep companies, including recently acquired Eastman Radio. Combined annual revenue should top $600 million.

New-business pitches likely will tout the entire radio rep group, rather than a single rep. "We can deliver the total marketplace rather than individual stations," Mr. Swetz says.

"In the past, agency radio buyers would contact stations through their individual reps one at a time and negotiate a schedule. Now you can negotiate with one person" for all stations, says Ken Sacharin, associate media director, Young & Rubicam, San Francisco.

But other agency media executives disagree on whether rep companies are expediting the radio buy.

"Katz may own six rep firms, but you still have an individual from each rep firm. You still have to call six places," says Pat Cuda, senior VP-broadcast director, Ross Roy Inc., Bloomfield Hills, Mich. "It is still as dispersed as it was."

One radio buyer says it is essen-

(Continued on Page S-12)

Doug Goodman

Dance aficionado Ralph Guild, chairman of Interep Radio Store, has learned a few things about tap dancing around the relatively high cost of radio spot placement.

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Source: RADAR 41. Network Audiences to All Commercials. Audience share comparisons based on Monday - Saturday 6am-7pm. ABC Radio Network Research Analysis.

Shop queries

(Continued from Page S-2)

teresting use of sound perspective —dialogue, colloquial speech— not just an announcer, and actors rather than announcers," Mr. Murtaugh says.

Along with Saatchi & Saatchi and Young & Rubicam, Backer Spielvogel Bates has spun off a separate radio division. It formed a Radio Task Force in May 1989 to underscore the agency's commitment to radio. BSB's $131.6 million in radio billings placed it third among agencies in radio spending last year.

"It made a point to everyone that when a radio assignment comes along, it is important," says Chris Grabenstein, VP-senior copywriter for BSB. □

Radio is often written by junior copywriters. Senior copywriters and creative directors do TV and great print."

Philadelphia correspondent Laura Loro is a frequent contributor to Special Report. Wayne Walley in New York also contributed to this story.

Consolidation intensifies net fight

By Laura Loro

For advertisers in network radio, it's a case of the saying, "The more things change, the more they stay the same."

The recent wave of consolidations among networks has left four major players to fight each other and a surprising number of newcomers for ad dollars.

But advertisers see little change in doing business with these leaner networks, and total ad revenues are expected to continue growing at about the same pace.

Network radio accounted for $427 million of last year's $8.5 billion in total radio advertising revenue, and a 7% increase is expected this year, according to the Radio Network Association.

Radio network ad revenues totaled $202.7 million in the first half of 1990, up 2.6% for the same '89 period.

Sam Michaelson, VP-radio, Saatchi & Saatchi Advertising, New York, says audience duplication is a concern. But in general, she's pleased with the changes.

Dealing with fewer remaining players—at one time there were 20 radio networks—makes it easier for agencies to negotiate and buy spots, Ms. Michaelson says. Plus, she adds, "the product is still excellent."

Kathy Segal, VP-director of media planning for BBDO, Chicago, describes the post-consolidation state of radio as "business as usual."

Ben Bishop, senior VP-management supervisor, D'Arcy Masius Benton & Bowles, Chicago, has had no problems with the network reconfigurations. He notes, however, that the networks will have to keep their listeners for this repackaging to succeed.

Consolidation of networks has created consolidation in programming formats, says Jim Carnegie, editor and publisher of *Radio Business Report*, an industry newsletter. "We're seeing most of the networks dropping youth programs and repackaging them for the 25-to-54 demo. There is no money in youth programs."

Supporting Mr. Carnegie's claim are recent actions by CBS Radio Networks and Westwood One, parent company of NBC Radio Networks and Mutual Broadcasting System.

CBS combined its CBS RadioRadio and part of the CBS Radio Network to form CBS Spectrum Radio, aimed at the same age group.

"Ad budgets targeting 18-to-34 [-year-olds] were significantly decreased, so it made sense" to create CBS Spectrum, says Robert Kipperman, VP-general manager, CBS Radio Networks.

Aside from mentioning an increase in business-to-business advertising on Spectrum, a network spokesman refused to discuss advertisers gained or lost.

Westwood One merged several non-rated programs into WONE, a RADAR-rated network pitched at 25-to-54-year-olds. Although WONE's programming has attracted listeners, no new advertisers so far have signed up solely because of WONE, says William Battison, president and chief financial officer of Westwood One.

Nicholas Verbitsky, president of Unistar Radio Networks, says the formation of his network, the result of last spring's merger between United Stations Radio Networks and Transtar Radio Networks, "gives us a more diversified product line to sell to advertisers."

In addition to enhancing their chances of survival—"smaller networks merged to put cost structures together and to increase their revenues and margins," says Mr. Battison—consolidations allow the players to sell higher-rated networks at a higher price.

"Networks sell on ratings. Bigger affiliates and better ratings mean more dollars," Mr. Carnegie says.

Ad rates didn't change with the consolidations at ABC Radio Networks. But CBS increased rates an unspecified amount when its Spectrum Radio network debuted in January. Rates went up partly due to increased audience and partly due to less inventory, Mr. Kipperman says.

ABC, which according to RADAR draws 55% of network listeners, reduced the number of its networks from seven to five to be more competitive with TV audience figures.

"A 4 rating on Prime network in AM drive—that's more than 'Good Morning America,'" says Louis Severine, senior VP-director of sales, ABC Radio Networks.

But as the networks consolidate, they will have to fend off smaller players that may capitalize on holes in programming.

For example, Public Interest Affiliates wrested away the National Basketball Association radio contract from ABC last March.

Initially the NBA was concerned about joining forces with a

Retuning the network lineups

Consolidations among networks since last winter

Network	Action
Westwood One	• Formed WONE, a package of non-rated programming in a rated network targeting 25-to-54-year-olds. • Killed six unprofitable programs. • Will repackage its networks into four ad offerings based on programming and dayparts, effective Jan. 1, 1991. Move follows similar changes at ABC, Unistar and CBS.
CBS	• Created Spectrum Radio, geared to 25-to-54-year-olds.
ABC	• Consolidated its seven youth-oriented programming arms into five. • Terminated TalkRadio network, affecting more than 100 affiliates.
Unistar	• Spun off three programming arms after being formed from this year's merger of the United Stations Radio Networks and Transtar Radio Networks.

Source: Network reports
Advertising Age Graphic: John Helland

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relatively obscure network. But marketing ideas, such as naming the network NBA Radio Network, sealed the deal, says PIA President Brad Saul.

"There will always be room for a little entrepreneur with good programming," says Mr. Battison, who cited other players such as EFM Media and Preview Radio Network. "They are not selling tonnage, they are selling talent and a limited number of advertisers."

Other specialized networks are trying to sell specialized audiences, but they could face an uphill battle.

Imagination Stations, a children's network, was launched on March 31 with an Orlando affiliate. It went national in mid-August with 24-hour programming and had signed on five affiliates at presstime.

But another national children's network, Kidwaves Radio Network, has pushed its debut back from April to October. The format, targeting 2-to-11-year-old listeners, has only one affiliate to date and is trying to sell national advertisers without ratings, which only measure listeners ages 12 and older.

Another niche player, The Nashville Network Radio, a joint venture between Group W and Opryland USA that started in December 1988, ceased its 24-hour live operation in June because it didn't enlist enough affiliates. However, TNNR still offers programs as a syndicator.

One way the larger consolidated networks have kept the smaller players from stealing business from the fringes is to buy them. In June, for example, Unistar bought a 50% stake in the Financial News Network.

These mergers help to increase a network's ad revenues without needing affiliates to clear time for additional network programs.

Radio stations lately have balked at clearing slots for network programs because they can make up to 10 times more on local spot ads than on network placements.

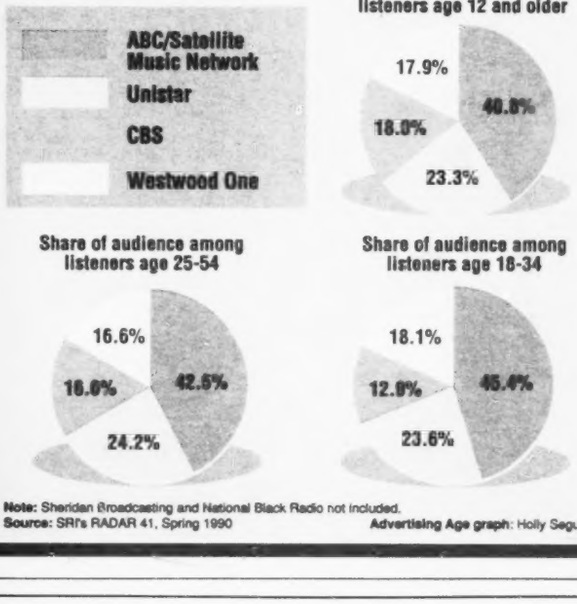
Mr. Carnegie, however, thinks the networks will stay quiet for a year. "They have too much on their plate right now," he comments.

"But how much the greed factor goes into it . . . well, greed and fear can be motivating factors." □

Laura Loro is an Advertising Age *correspondent based in Philadelphia.*

Share leadership easy as ABC

Network audience share (6 a.m.-7 p.m., Monday-Saturday, common daypart).



Note: Sheridan Broadcasting and National Black Radio not included.
Source: SRI's RADAR 41, Spring 1990 **Advertising Age graph:** Holly Seguine

Sears–where network radio shops

Top network radio advertisers ($000,000) first quarter 1990, and % change from first quarter 1989

1	Sears, Roebuck & Co.	$ 14.75	0.5%
2	Volkswagen AG	9.80	*
3	Campbell Soup Co.	6.18	50.4
4	Procter & Gamble Co.	5.40	-22.3
5	AT&T Co.	5.05	90.9
6	City Investing Corp.	5.00	-4.0
7	General Motors Corp.	4.69	-44.8
8	Bayer AG	4.64	111.3
9	Chrysler Corp.	4.61	23.8
10	Hershey Foods Corp.	4.20	17.9
11	Warner-Lambert Co.	3.82	25.6
12	U.S. Government	3.81	-22.3
13	Marriott Corp.	3.34	*
14	Philip Morris Cos.	3.16	153.0
15	Cotter & Co.	2.50	-21.0
16	Martin Himmel Health Foundation	2.39	1,523.1
17	Dow Jones & Co.	2.32	39.6
18	Loews Corp.	2.29	*
	Kinder-Care Learning Centers	2.29	*
20	Kao Corp.	2.26	85.6
21	Tandy Corp.	1.96	-2.4
22	K mart Corp.	1.78	-18.7
23	State Farm Mutual Auto Insurance Co.	1.75	14.6
24	Whitman Corp.	1.70	158.7
25	Goodyear Tire & Rubber Co.	1.65	-5.0
26	Electric Information Council	1.53	70.9
27	Michelin Group	1.49	*
	Teledisc USA	1.49	40.3
	H.J. Heinz Co.	1.49	715.5
30	Rubbermaid Inc.	1.47	133.4
31	Best Western International	1.38	102.8
32	Wm. Wrigley Jr. Co.	1.35	62.5
33	TW Services Inc.	1.29	61.2
34	Westwood One Inc.	1.21	*
35	Time Warner Inc.	1.20	26.3**

* Company did not buy network radio spots in first quarter 1989. **Change computed from combined spending of Warner Communications and Time Inc. in first quarter 1989.
Source: LNA/Arbitron Multi-Media Services

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Spectrum, Paul Harvey in catbird seat

By Wayne Walley

CBS Radio's Spectrum network remained the country's most popular radio network, according to RADAR 41, the latest biannual network radio ratings survey. Spectrum's audience, averaging almost 2.8 million listeners ages 12 and older, rose 5% from the winter survey.

Spectrum topped Unistar's Super network with 2.3 million listeners, and ABC Radio's Information network's 2.2 million listeners, according to the research compiled by Statistical Research.

The network rankings, however, could change within the next few weeks as both ABC Radio Networks and Westwood One Cos. will issue updated reports based on the realignment of their respective networks for ad sales for the 1991 broadcast year.

Both companies recently followed CBS and Unistar and restructured networks in an attempt to increase audience size and make network radio easier to buy. *(See story on Page S-6.)*

While ABC specifically consolidated its seven networks into five, Westwood One is waiting for special SRI tabulations before detailing its network realignment.

In the meantime, Westwood One's networks showed marked improvement in RADAR 41, helping quell rumors the company is shopping its Mutual Broadcasting System and NBC Radio Network.

"The rumors are completely unfounded," says William Battison, president-chief financial officer of Westwood One.

"They are not for sale. We just had one of the best RADAR reports we've had," he says.

Mutual ranked seventh among radio networks with an average quarter-hour audience of almost 1.7 million, an 11.7% increase over the previous survey.

Westwood One wasn't the only company with good news from the latest survey. Of the 17 networks rated in RADAR 41, 11 showed increased audiences.

ABC's FM network, targeting an audience ages 12 to 34, showed the biggest percentage gain, growing 18.2% to almost 1.2 million listeners.

Paul Harvey certainly had a good day. His 8:30 a.m. weekday news show for ABC Radio Networks remained the most-listened-to network radio show with an average audience of 5.6 million. Mr. Harvey's four other radio programs ranked second through fifth.

The biggest loser in the report was Sheridan Broadcasting Network. Its average audience of 411,000 reflected a 19.7% drop in average listenership. □

Laura Loro in Philadelphia contributed to this story.

"Good day"

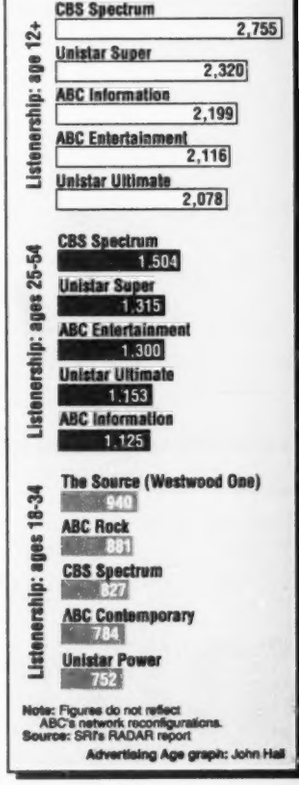
Top rated network radio programs among listeners age 12 and older (000's).

1.	Paul Harvey (8:30 a.m., Mon.-Fri.)	5,605
2.	Paul Harvey (12:06 p.m.)	4,199
3.	Paul Harvey (8:30 a.m., Sat.)	3,448
4.	Paul Harvey (11:10 a.m.)	3,284
5.	Paul Harvey (3:06 p.m.)	2,828
6.	CBS News on Hour (6:00 a.m.)	2,211
7.	CBS Osgood File (7:25 a.m.)	2,188
8.	CBS News on Hour (7:00 a.m.)	2,181
9.	ABC Information News (6:00 a.m.)	2,079
10.	CBS Osgood File (6:25 a.m.)	2,015

Source: SRI's RADAR Report Advertising Age Graphic: John Heiland

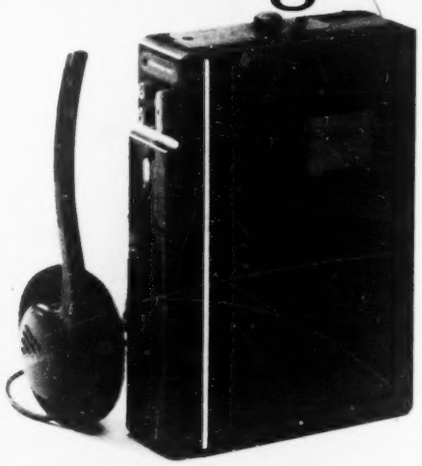
Listen up, everybody

Radio networks with the greatest listenerships (shown in thousands; average quarter-hour audience, 6 a.m.-7 p.m., Monday through Saturday).



Note: Figures do not reflect ABC's network reconfigurations.
Source: SRI's RADAR report
Advertising Age graph: John Hall

Introducing Radio...



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Upfront sales seen static; nets upbeat

By Wayne Walley

With Labor Day rest and relaxation behind them, radio network executives are getting worked up for the crucial upfront buying season.

The radio upfront season doesn't compare with the fast-paced, short-term feeding frenzy—replete with 3 a.m. sales calls—common to network TV's $4 billion-plus upfront marketplace. But for those in radio, a strong 1991 upfront season could verify the opinion that advertisers are looking at the medium with more interest.

This season's take is expected to total between $175 million and $200 million, roughly the same as last year. The upfront season will account for about 40% of the $457 million expected to be placed in network radio next year, according to Radio Advertising Bureau.

Although the upfront season is predicted to duplicate last year's sales total, most sellers are optimistic about the 1991 season.

"We expect a good upfront," says William Battison, president-chief financial officer for Westwood One. "The idea of an economic recession bodes well for cost-efficient media. Planners and media buyers tend to increase the percentage of spending to network radio because they can get more gross impressions."

A good upfront season also would rescue network radio from what Louis Severine, senior VP-director of sales, ABC Radio Networks, describes as a "horrendous" first half of 1990.

An influx of spending by foreign car companies such as Subaru of America, Audi of America and Volkswagen of America have helped sales in the second half, he says, adding these companies could be big upfront players later this month.

Buyers also foresee heightened interest in the upfront market.

"This is the tightest the third-quarter scatter has been for network radio in eight or nine years," says Liz Russo, VP-radio, Backer Spielvogel Bates, New York.

Unlike TV, a strong preceding scatter market does not necessarily signal a strong upfront. Regardless, those in radio expect network radio spending for 1991 to increase 5% to 10% over 1990's projected $427 million.

So far Procter & Gamble Co. and Campbell Soup Co. have made upfront deals with ABC, though Mr. Severine declined to discuss specifics.

He says about five accounts were involved in the upfront in the late 1970s, but now almost all network radio buyers want in early.

"The essence is to get more than you paid for with a guaranteed audience," says Sam Michaelson, VP-radio, Saatchi & Saatchi Advertising, New York.

"You get the same benefits in radio as with TV's upfront: more inventory is available and pricing is lower," Ms. Russo says.

While TV sells as much as 70% to 80% of its commercial inventory in the upfront market, radio networks usually limit sales to less than 50%, according to industry sources.

"The question becomes how much [advertising] do you take on at excellent rates and how much do you pass up, [gambling that demand will remain strong for the following scatter market]," says Dick Siligpini, VP-sales at CBS Radio Networks.

Many wonder what will be the ultimate effect of the radio network industry's consolidation on the upfront market.

ABC Radio Networks, CBS Radio Networks, Unistar and Westwood One, the four major network operations, have all reconfigured networks to create entities with bigger ratings and less inventory.

"If you want to tailor a package and have exclusivity, this year you have to do it earlier," Ms. Russo says. "The only downfall of buying in advance is stations can change formats overnight and change the audience."

Unit rates for the 1991 broadcast year are expected to double, but sellers are quick to point out that buyers will get the same efficiencies because ratings for the new networks also will double.

"What's the difference if the ratings you get are doubled?" asks a network official.

The consolidation of networks for sales purposes also creates another issue: duplication. One network source predicts, "This will be the issue of the upfront."

While some buyers and sellers believe duplication could cause problems, Mr. Battison says it merely gives advertisers more frequency.

"[Network reconfigurations] are a win-win situation," says Ms. Michaelson. "To go from a 0.7 rating to a 1.2 helps give the market a defining edge, and it's a positive thing for clients. Duplicity is the buyer's problem."

"Network radio is buying tonnage and getting a certain audience," says Bart McHugh, senior VP-director of radio and TV programming, DDB Needham Worldwide, New York. "And because of the restructuring you have to pay much closer attention to where you double up." □

Shifting season

Sam Michaelson wants to be upfront: There's no real upfront radio buying season, she says.

The VP-radio at Saatchi & Saatchi Advertising, New York, says she doesn't participate in what is considered the upfront market because her clients buy radio according to their fiscal year. But she does buy radio time in advance for advertisers according to each of their fiscal years.

Others admit the radio upfront season isn't compressed into a specific two- or three-week time period like its television counterpart, but insist it does exist.

Louis Severine, senior VP-director of sales, ABC Radio Networks, says some clients such as Procter & Gamble Co. and Campbell Soup Co. made upfront deals as early as June this year, signaling the start of the selling season. But, he says, most advertisers wait until after Labor Day, and the buying season peaks in November.

Mr. Severine says advertisers buy according to one of several 12-month plans: broadcast year [starting in September], fiscal year [starting in July] or calendar year.

"There's usually a mad rush after Thanksgiving through the end of the year, but the upfront selling season is a long period of time and stretches into January for some clients," he says.

—*Wayne Walley*

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SPEAKING WITH AUTHORITY

Details, details; buyers sound off

By Laura Loro

Advocates of radio advertising want to clear the air among media buyers and planners. The long-standing perception that radio is a difficult, time-consuming medium to plan and purchase is just not true, say those representing radio's interests.

"The fact is that radio has never been easier to buy, due to computerization and consolidation of both reps and networks," says Laurence Norjean, senior VP-sales and marketing of the Radio Advertising Bureau.

"In the past if [agencies] wanted to do a special promotion in more than 20 markets, they had to do it on a market-by-market basis," he says. "Now the reps do it. It's centralized buying, centralized promotion and centralized merchandising."

The manpower and hours required for agencies to put their advertisers on the radio are much less as a result, Mr. Norjean says.

"There are fewer people to negotiate with, and because of the tonnage, they can do better deals," he says, adding that reps also will handle all the paperwork for agencies.

Advertising Age contacted some media directors to see if they are buying what Mr. Norjean and his counterparts are selling.

Dave Capano, senior VP-director of media, BBDO, Atlanta

"From the physical standpoint of gathering information and having it available, yes, it is true.

"It makes the number-crunching easier. The ability to get instantaneous information is an asset.

"But the actual implementation and execution of the buy is as complicated or more complicated than in the past.

"Information is available now so you can trend the information more easily. You can look at more factors to influence your buy. So the actual art of negotiation and execution of the buy is harder than in the past.

"Radio is very labor-intensive. For [BBDO client Delta Air Lines] we do an awful lot of evaluation on a market-by-market basis. We write each market separately —and the historical background of the market. We go into a lot of detail."

Pat Cuda, senior VP-broadcast director, Ross Roy Inc., Bloomfield Hills, Mich.

"Computerization makes the job of buying radio easier. It is not as manual as it used to be.

"We have the capability to instantly get rankings and audience segmentation. You can pull whatever you want right from the screen. And you can trend from [previous ratings] books.

"With the new wave of network radio [consolidations], it doesn't take as many spots. They've combined [their networks] to give you a better number in terms of audience delivery. It takes using, say, five networks rather than seven or eight to get the same reach.

"But I have said to the radio representative world that they are their own worst enemy.

"They are relentless in telling me 'I am the best.' The driving force behind the sales world is commission. This is tunnel vision.

"I say, take a deep breath, step back and really analyze the best buy for the client. Be client-driven for once."

Ken Sacharin, associate media director, Young & Rubicam, San Francisco

"I would concur with [Mr. Norjean's statement].

"We've seen a greater and greater use of unwired radio network buys. It takes out a lot of administrative hassle.

"We work out what stations are appropriate for our client. [The rep] helps us out with the legwork and merchandising requirements. They do the notification of stations and all the administrative work that goes along with a buy."

Jill Ditton, VP-associate media director, Tucker Wayne/Luckie & Co., Atlanta

"Physically it is easier to orde —one phone call, one tape, on invoice. But it doesn't make an difference to me in planning it.

"Planning radio is a difficul process on the accounts I wor on [American Cyanamid pesti cides]. We still have to do it on county-by-county basis."

"[Unwired networks] are prob ably good if you've got a lot c orders to give—it's one phone cal

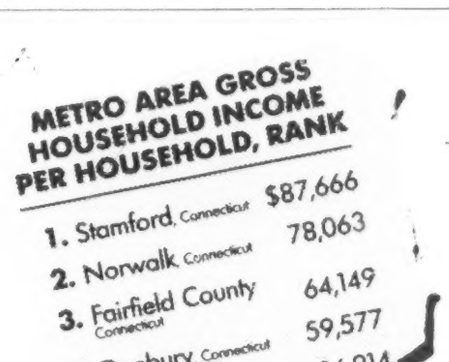
"But on the other hand, yo have someone who might no know the market as well as some one who works [in the market] al the time."

Lori Farmer, associate media director, Colle & McVoy, Minneapolis

"Radio has become less time intensive over the last 10 years.

"But computers have bee around for a while, and over th last three years, there hasn't bee a big change.

"Computers help a lot in term of being able to access informa tion—different demos, differen time periods, reach and frequenc numbers for a variety of sched ules. It saves time as well as pro vides more information than i the past." □


METRO AREA GROSS HOUSEHOLD INCOME PER HOUSEHOLD, RANK
1. Stamford, Connecticut $87,666
2. Norwalk, Connecticut 78,063
3. Fairfield County, Connecticut 64,149
4. Danbury, Connecticut 59,577
93. New York 36,914
Consumer Market Data SRDS, July 1990

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wicc 60 webe 108 FM

*Fairfield County Arbitron, Spring 1990, (18+ Mon-Sun 6am-Mid)

Place one more for my radio sweetheart

1989 top radio billings by agency ($000,000) and percentage change from 1988

Rank	Agency, location	'89 billings	'88 billings	% change
1	BBDO Worldwide, New York	138.4	127.5	8.6
2	DDB Needham Worldwide, New York	132.3	92.4	43.1
3	Backer Spielvogel Bates Worldwide, New York	131.6	123.6	6.5
4	D'Arcy Masius Benton & Bowles, New York	101.5	76.4	32.8
5	Bozell Inc., New York	96.0	72.3	32.8
6	Ogilvy & Mather Worldwide, New York	95.6	96.0	–0.4
7	McCann-Erickson Worldwide, New York	93.2	89.5	4.1
8	Foote, Cone & Belding Communications, Chicago	93.1	87.0	7.0
9	Saatchi & Saatchi Advertising Worldwide, New York	90.2	102.9	–12.3
10	Young & Rubicam, New York	78.6	82.6	–4.8
11	J. Walter Thompson Co., New York	77.2	71.8	–7.5
12	Wells, Rich, Greene, New York	73.0	61.0	19.7
13	Ketchum Communications, Pittsburgh	65.0	41.1	58.1
14	Grey Advertising, New York	62.2	61.3	1.5
15	NW Ayer Inc., New York	53.4	47.1	13.4
16	Lintas:Worldwide, New York	52.6	55.0	–4.5
17	Chiat/Day/Mojo, Venice, Calif.	47.1	36.2	30.1
18	Della Femina, McNamee EWDB, New York	35.3	35.9	–1.6
19	Ross Roy Inc., Bloomfield Hills, Mich.	31.8	27.4	16.2
20	Leo Burnett Co., Chicago	29.4	24.7	18.9
21	W.B. Doner & Co., Southfield, Mich.	29.0	29.7	–2.4
22	Admarketing Inc., Los Angeles	26.7	23.1	15.6
23	Davis, Ball & Colombatto Advertising, Los Angeles	25.4	19.1	33.4
24	Laurence, Charles, Free & Lawson, New York	22.2	18.5	17.8
25	Earle Palmer Brown Cos., Bethesda, Md.	22.0	18.5	18.9

Source: *Advertising Age* 1990 agency income report — Advertising Age graphic: John Hall

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—Ron Scharbo, CEO
Scharbo & Company, Atlanta, GA.

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Radio reps

(Continued from Page S-4)

tial that the companies operatin under the megarep umbrella con tinue to rep their own stations sep arately, or agencies may protest "Can you imagine [one rep] sell ing seven stations in one market Where is their loyalty?" says San Michaelson, VP-radio, Saatchi & Saatchi Advertising, New York.

Mr. Guild says the rep increas ingly will be a partner with th agency, however, assisting i creating campaigns and promo tional programs.

"Advertisers are looking for re sults. They are not just lookin for a series of audience deliver numbers or GRPs. If you go i with an idea and they buy you idea, they buy your medium," h says.

Buena Vista Pictures Market ing, the media marketing divisio of Walt Disney Co., had not in tended to use radio to promot its film "Dead Poets Society." Bu after working with Interep, Buen Vista decided to lead with radi in its national campaign for th movie.

The studio used a similar oper ing strategy for "Pretty Woman. Radio spots for the film aired tw weeks before the opening—on week of which featured radio ad only and no TV—and one wee after.

Katz suggested RJR Nabisc support its Oreo cookies cam paign—which features famou twister Chubby Checker—wit radio. Radio stations would hol twist contests and the winner would qualify for a trip or cruise

That buy brought in $1.5 mi lion in new-found radio dollars i more than 40 markets this sum mer, Mr. Swetz says. □

Ratings slugfest can't produce winner

Arbitron, Birch/Scarborough each keep loyalists

By Anne Moncreiff Arrarte

In the scientific world of audience measurement and research, agency media buyers are using a very unscientific method to select their sources of radio data: personal preference.

Arbitron Co. and Birch/Scarborough-VNU have clashed over methodology, response rates and extra services to win the lion's share of the radio ratings market. But this battle has not produced a clear-cut winner, and until one of the two offers substantive qualitative data, the agency community will continue to vacillate between the two sources.

Joshua Ostroff, VP-manager of media resources, Hill, Holliday, Connors, Cosmopulos, Boston, switched back to Arbitron last year after three years with Birch. He says his main complaint with Birch is its numbers fluctuate too much from book to book.

"It is a question of lesser evils," he says. "Arbitron may not be technically superior, but the universe they measure exhibits fewer inexplicable variations between books."

Jon Swallen, VP-associate director of media research, Ogilvy & Mather, New York, switched from Arbitron to Birch in mid-1987 primarily because he felt that Arbitron's diary method is more likely to be affected by a response bias.

"Some comparisons we did led us to believe that Arbitron was overstating in older demographic groups and understating in younger ones," he says.

Still, O&M buys both services. "We use Birch as our primary source, but we think it is important to have two services for the checks and balances they provide," Mr. Swallen says.

Arbitron, which has been measuring radio listening since 1966, uses a seven-day diary system.

Rob Porazinski

The method inherently provides lower reponse rates (45.6%). But its proponents say it allows for a more accurate seven-day cume, or total audience, because it uses seven days of information.

Birch, which has a 60% response rate, performs one-day telephone interviews and uses a mathematical formula to arrive at its seven-day cume, a method some media buyers question. But Birch's person-to-person interviewing means it can collect some basic qualitative data for clients that Arbitron does not offer.

Birch, which broke into the business in 1980, was purchased in 1987 by VNU, United Dutch Publishing, and merged with Scarborough. On Aug. 31, Birch claimed it surpassed Arbitron to be the leader in market monitoring with more than 265 markets measured.

Each company has one-upped the other in various areas.

Arbitron is actively working to increase response rates and, specifically, to improve their ethnic market measurements—an area in which Birch's phone-call methodology has been more successful.

For example, an ad hoc group of Spanish-language radio executives and agency and client media buyers endorsed Birch as the primary provider of data on Spanish-language listening levels. However, mirroring the general market, many agency media buyers continue to use both sources when evaluating Spanish-language radio stations.

Birch, meanwhile, has rolled out an annual County Coverage book to compete with a similar Arbitron product.

And to assist Birch subscribers, Scarborough expanded the number of markets it serves from 11 to 50. According to Birch/Scarborough President Bill Livek, Scarborough plans on entering another 50 markets and creating a faster data delivery service for clients.

Birch/Scarborough also r
cently inked an agreement wi
Standard Rate & Data Service
print its numbers in the SRI
Spot Radio Guide. Analysts s
this move has bolstered the No
company's acceptance in the rad
community.

However, the radio world st
clamors for qualitative data.

"Both services are leadi
themselves toward increas
qualitative analysis," says Ji
Carnegie, editor and publisher
Radio Business Report, an indu
try newsletter. "The one that g
there first and does it right will
the winner."

"Radio listening has been fra
tionalized to a great degree," sa
Dennis McGuire, VP-associa
director of local broadcast, N
Ayer, New York. "The more ea
market segments itself, the mo
important it is for our clients
know the makeup of the aud
ences listening to each station."

While Birch provides bas
qualitative information as part
its service, "if you want more sp
cific brand information you ne
Scarborough," says Judy Vog
VP-manager of media research
Ketchum Communications, Ne
York. And although the co
panies share a name, Birch clier
must make a separate, althou
discounted, purchase of Sca
borough information to get th
hands on this type of data.

Corinne Cilli, media resear
director at BBDO, Atlanta, sa
her company buys Birch but r
Scarborough. "Scarborough is r
a buying tool but a planni
tool."

But Ms. Cilli adds that Bir
provides special information f
Delta Air Lines, a BBDO client.
each interview, the research co
pany asks the respondent qualit
tive questions on airlines. BBI
uses a full year's worth of data.

Arbitron currently offers
qualitative data to clients. Ho
ever, the company has just fi
ished its first test diary featuri
qualitative questions. Arbitr
expects to see results by yearen

The company also is testing
electronic radio "people mete
The hand-held, calculator-ty
device permits respondents
punch in their listening diar
and respond to questions on d
mographic information, listeni
and purchasing habits and oth
client requests. It also wou
screen for response error in ide
tifying station call letters.

But cost is holding up Ar

(Continued on Page S-18)

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JOY RADIO

Country exploding out of its shell

Experts look at future of top formats—with some surprising conclusions

By Alicia Lasek

The war being waged on the radio dial is not one of attrition but one of addition, judging from the number of attempts to launch new programming niches.

Although the introduction of new formats seemingly would entice new listeners, to some extent fragmentation inevitably has an impact on the tried-and-true formats. *Advertising Age* asked industry insiders to look at the future of eight fundamental radio formats.

Classical

Classical may soon abandon commercial radio airwaves and be found only on compact discs, public radio and cable audio, say Messrs. Douglas and Shane.

Mr. Douglas says classical listeners make the greatest demand for music presented without announcers or commercials, and they can get this from cable audio.

Mr. Shane says radio will have problems pleasing the broad range of classical listeners' tastes. As a result, he predicts classical aficionados will stick to CDs.

"The way advertisers are going to have to reach the classical audience is through support of local arts groups," he adds.

But Mr. Parikhal thinks classical has strong growth potential, as aging baby-boomers look for an alternative to rock.

Cable audio is no threat to the format, he says.

"If you are so serious about music that you'd figure out what was on each channel, you're much more likely to make tapes."

And advertisers should take a second look at classical stations, he says.

"I wouldn't get caught in the stereotype that all people who listen to classical belong to country clubs."

"The black economy in America is greater than the [gross national product] of Canada," Mr. Douglas says. "And when people start to adjust to that, they'll start to understand that there is a real market there that can be exploited."

Yet Mr. Shane sees one problem that's stopped many advertisers from going into urban contemporary. "There's still a lot of prejudice in the white [advertising] community about urban radio," he says.

"The black economy in America is greater than the [GNP] of Canada. And when people start to adjust to that, they'll start to understand that there is a real market there that can be exploited."—Dwight Douglas

However, Ms. Chambers predicts the format and its image are not likely to change. She notes that buyers see classical listeners as a very select, older group.

Urban contemporary

The urban audience outlook is thumbs-up, say the experts.

They see growth coming from Hispanics crossing over into urban contemporary listening and in new stations that are catering to an older black demographic.

But Ms. Chambers warns buyers to look carefully at an urban contemporary station's demographics.

"Some urbans tend to be very young, and if they go the direction of rap, they lose everyone over the age of 20."

The insiders think the format does offer a lot more advertising potential than is being realized.

Adult contemporary

The consultants generally see bright things ahead for those airing this format.

"I think adult contemporary is here forever in one form or another, until this generation goes to the grave," Mr. Parikhal says.

However, they also think adult contemporary must address several challenges.

Mr. Douglas predicts the top stations will stand out because of their marketing, not their music.

"Your marketing has to be really understandable, because as [adult contemporary stations] researched their music they all came up with the same songs," he says.

Another concern is that the aging listenership will fragment into several categories in the same 35-to-49 age cell, forcing advertisers to buy other formats to complete their coverage.

"Being able to take a rock station and an adult contemporary station makes more sense," says Mr. Douglas. "You're covering a wider, broader spectrum."

Mr. Nielsen adds, "The advertiser really has a 25-to-54 age cell that is not only represented with [contemporary hit radio and album oriented rock] stations, but with a lot of adult contemporary stations."

This fragmentation already is taking place, says Ms. Chambers.

"There might be as many as eight ACs in a market, but they'll all have something a little bit different about them."

Mr. Parikhal cautions advertisers to be especially careful about ad placement practices by many adult contemporary stations.

"[These stations] often run as many as seven commercials back-to-back," he says. "You don't have to be Einstein to know that if you're listening, by the time you hear the fifth commercial, you're out of there."

Contemporary hit radio

The experts see contemporary hit radio evolving in different ways.

Mr. Shane feels the format faces three problems: demographics, as the post-baby-boom "birth dearth" reduces the format's target listenership; music, in that contemporary hit radio "has always been an artist-driven format, and right now, we have such disposable artists"; and the lack of a mass culture, as the diverse tastes of today's youths preclude a pop star from capturing an entire generation the way the Beatles did in the mid-1960s.

Mr. Parikhal raises two additional factors working against contemporary hit radio: competition from MTV and a Top 40 market that is becoming increasingly polarized between heavy metal and rap.

But Mr. Douglas and Mr. Parikhal chide companies for ignoring contemporary hit radio's audience.

"Buyers must realize that there is an incredible amount of money being spent—and influenced spending—between ages 2 and 18," Mr. Douglas says.

"The idea that all contemporary hit radio listeners do is buy bubble gum is corporate irresponsibility," Mr. Parikhal states.

Some insiders also say contemporary hit radio's demographics go beyond teens. Musical tastes don't change overnight, Mr. Bolinger says.

"There are people really at any age from 12 until 44 who are potential listeners to CHR," he says. Mr. Douglas notes that many contemporary hit radio stations fare well among 25-plus listeners.

News/talk

Again, the insiders disagree on this format's viability.

Some feel listeners always will have a need for news/talk information.

Country is "the only music being produced for adults. Paula Abdul [and] MC Hammer [are] not really making music for adults. Neil Diamond and Lionel Richie haven't made records in four years."—Ed Shane

"News/talk has always been a mainstay in our country, and as our groups mature they will all gravitate toward a news/talk station," Ms. Chambers says.

Mr. Parikhal adds that news/talk listeners pay attention during commercials, "and I think that's a seriously underestimated value."

On the other hand, Mr. Shane says many news/talk stations are choosing the worse of two fates. One choice is to bring in younger listeners by catering to their interests. The other is "to be the most boring, non-related service on the band. And news/talk has chosen to be the most boring, non-related service on the band," he says.

Mr. Parikhal admits "news/talk is suffering a creative vacuum that needs to be filled."

Some news/talk programmers realize that what worked before won't work again.

Mr. Nadel notes the increased competition from cable TV news stations and other radio station newscasts has made the all-news radio station of 10 or 15 years ago obsolete. The solution is to offer better sound quality and other types of programming, such as sports event broadcasts.

Album oriented rock

The experts like the prospects for this format.

"People are trying to say its going to go away or its going to die, but it is a very strong format," Mr. Douglas says.

Some insiders think advertisers might not recognize the demographics of this listenership.

"Advertisers think album-oriented-rock listeners are all 19-year-old headbangers, but they're not. They're listening to hard rock or AOR in their Lexus."

He notes that men over 35 comprised 20% of the buyers of the

(Continued on Page S-18)

Expert listeners

Those participating in this radio format forum include: Dwight Douglas, president, Burkhart/Douglas & Associates, Atlanta; Ed Shane, president, Shane Media Services, Houston; John Parikhal, president-ceo, Joint Communications, Toronto; and Barbara Chambers, media buyer, Richards Group, Dallas.

Also participating: Bruce Sherman, program director, WSM-FM, Nashville; Roger Nadel, program director, WWJ, Detroit; Grant Nielsen, program director, KSEA-FM, Seattle; and Bob Bolinger, general manager, KKLQ-FM, San Diego.

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Future of radio formats

(Continued from Page S-16)
latest release from heavy metal band Guns N' Roses.

"I know there are some 35-year-old men in three-piece suits that still listen to AOR—though not openly," says Ms. Chambers.

However, station managers should be ready to fine-tune their niche, and advertisers should recognize these moves.

AOR stations "are running out of audience if they stay in the 18-to-34" category, Mr. Shane says. "So they have had to grow up with their audiences—and suddenly they become adult contemporary," adding that classic rock fares "awfully well."

B. Chambers

"[Stations] are going to have to decide: Are you going to be the No. 1 station for 18-to-34-year-old adults or are you going to be No. 1 in 25 to 54 and not compete with 18-to-34 stations?" Mr. Douglas says.

Country

In the experts' opinion, the aging population makes this format a future winner.

Country is "the only music being produced for adults," Mr. Shane says. "Think about it. Paula Abdul is not really making music for adults. MC Hammer is not really making music for adults. Neil Diamond and Lionel Richie haven't made records in four years."

As a result, advertisers have a potentially hot property on their hands.

"As America becomes grayer, country radio has an amazingly great future in terms of its viability to the advertisers," Mr. Douglas says.

Mr. Shane notes that while listening to a Houston country station one morning, he heard commercials from a Cadillac dealer and Mercedes-Benz. "I think advertisers hold the stigma that country [listeners are] these hicks who come in from the outlands who try to get free hats at the promotions," he says.

The reality, according to Mr. Sherman, is "there's not a stereotypical country listener any longer."

Mr. Parikhal says newer artists like Dwight Yoakum and k.d. lang have helped attract younger listeners while maintaining country's true sound.

Although Mr. Parikhal is upbeat on country, he points out its creative center, Nashville, is both geographically and culturally distant from the nation's growing urban areas, and today's Asian and Latin American immigrants have their own music and are less likely to tune in to country.

Oldies

It may be an oldie, but it's still a goodie, the experts say.

"Some of the popular, syndicated shows, on the weekend, for example, are oldies shows. 'It's Saturday night, let's listen to the oldies. Roll the carpet back, take our shoes off and do a little sock hop,' " Mr. Douglas says.

Ms. Chambers considers oldies a must-buy to reach 25-to-54-year-olds. The format "seems to have found a niche in every market," she says.

But some warn advertisers the format can work only as part of a package buy with other formats.

Mr. Douglas foresees fragmentation of the format into pre-Beatles, post-Beatles or '70s categories. As a result of this fragmentation, shares and cumulative ratings of these stations will decrease.

However, these stations' listenerships remain loyal to their stations, Mr. Douglas says.

Adds Mr. Shane, "If you can be everybody's No. 2 station, you have a really good audience." □

Chicago-based free-lance writer Alicia Lasek is a frequent contributor to Special Report.

PEOPLE TO WATCH

Jim Thompson tried on a new hat late last year.

A 20-year TV veteran, Mr. Thompson turned off the four TV monitors in his office at KYW-TV, Philadelphia, where he was VP-general manager. Then he put on a baseball cap bearing the call letters KYW-AM and switched his radio on to WMMR-FM, the Philadelphia all-news and rock stations, respectively, that were now under his wing as the new president of Group W Radio.

In the short time he's spent in the post, Mr. Thompson, 43, has worked on selling ad time on his company's 20 radio stations, including 11 purchased last December for $360 million.

Mr. Thompson says he jumped at the Group W Radio post because he believes in the medium's immediacy. "There's more upside to radio right now, because TV's so caught up in fragmentation," he says.

Previously, advertisers wouldn't look past the glamor of TV and try other media. But today agencies and advertisers are accepting what radio can do, especially in light of today's uncertain economy. "They're starting to appreciate its value more," he observes.

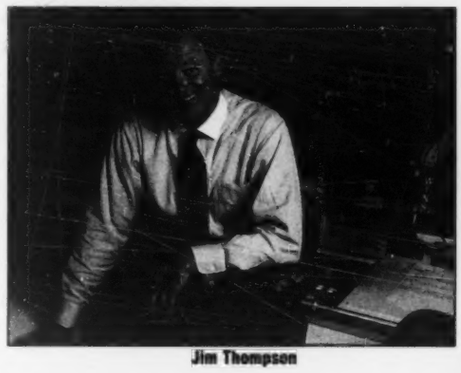
Mr. Thompson won't hesitate to go beyond tried-and-true tactics to sell advertisers on radio.

"I don't want to worry about [things like] 'Will this work?' or 'It's never been done before.' That's baloney," he says.

"Radio is a fun business. We'll have a few failures. But if we're not failing, we're not living on the edge."

One of Mr. Thompson's first moves was to institute an incentive program for new advertisers on Group W Radio's 20 stations. The first 20 companies that place $35,000 schedules at each station for the first quarter of 1991 will each win a trip for two to Super Bowl XXV in Tampa next January and a seven-day luxury cruise to Key West, Fla., and Cozumel, Mexico.

Mr. Thompson says 100 packages already have been sold; most of them to local advertisers. Half of this group is companies that have not used radio, and the others haven't used the medium for at least a year.


Jim Thompson

"That's $3.5 million in radio that wasn't there before," he says.

When not engineering such deals for the benefit of his company, Mr. Thompson is working to spark advertisers' interest in radio in general.

"I thought I could really affect change" as both a businessman and a community servant, he adds. "I respected the opportunity to have immediate input."

Mr. Thompson says Group W Radio will allocate $1 million over the next decade to seed and sponsor research to show radio advertising's effectiveness. The network will also establish a Radio Creative Fund, which will award $50,000 annually for creative excellence in radio advertising execution and results.

This fund hopefully will spur improved creative output, which Mr. Thompson sees as one of the problems with radio advertising.

"Doing radio commercials is one of the last places to have fun," he notes.

—Jodi Goalstone

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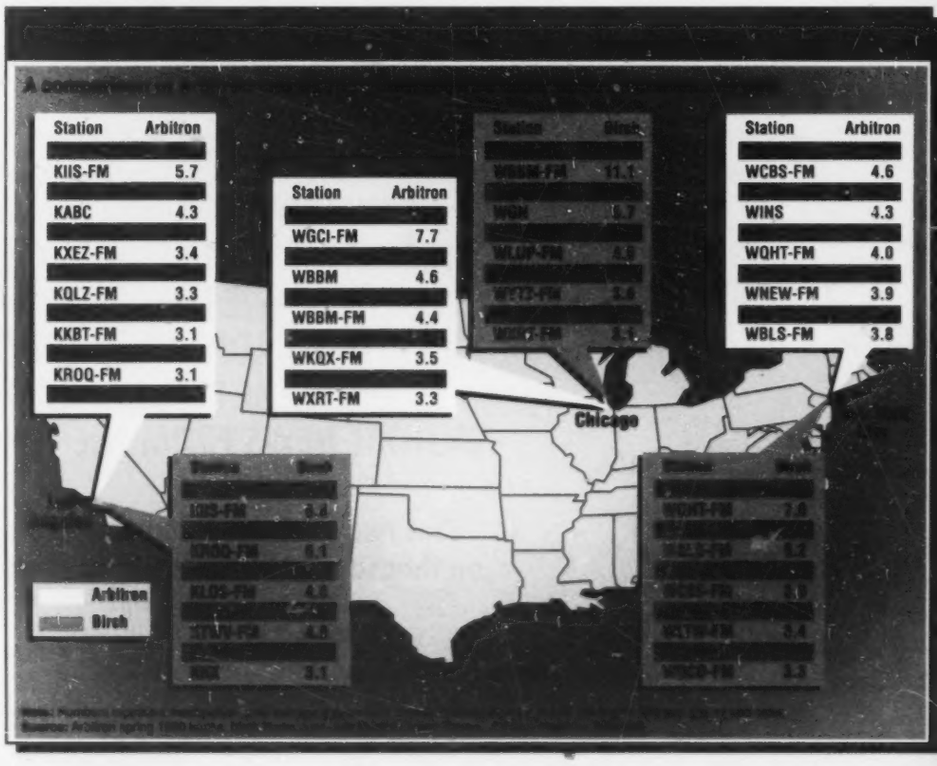


Ratings

(Continued from Page S-14)
tron's effort, says Josh Chasin, Arbitron's VP-market development.

Implementing the program now "would be terribly expensive," he says.

The company hopes to have the radio people meter within five years when the technology will be more affordable, he says.

Arbitron also is contemplating hooking up with a qualitative researcher.

"We are still in the initial stages" of considering such a move, Mr. Chasin says. "Qualitative is definitely the way of the future, although it is not the way of the present."

But agencies, fed up with paying for two services and an additional qualitative service, want this information soon.

"With an agency's increasingly tight financial resources, we cannot justify constantly re-evaluting numbers," Mr. Ostroff says. □

Anne Moncreiff Arrarte is a frequent contributor to Special Report based in Miami.

REVIEWING STAND

Top jocks schtick it to each other

By Joe Garofoli

It sounds like a simple idea. Call up controversial disc jockeys across the nation, such as those who run "morning zoo" shows, and find out who their favorite jocks are.

But uncovering who this breed of animal respects is easier said than done.

"Believe me, I'm not being arrogant. We're really funny," says Tom Griswold, WFBQ-FM, who's half of Indianapolis' top-rated Bob and Tom morning show.

Says veteran Gary Dee, who last appeared on WWWE, Cleveland: "Gary Dee creates an atomic bomb in any market he goes into."

One of his alleged explosions cost WWWE $8,000 in a fine levied last fall by the Federal Communications Commission for comments made by Mr. Dee that the commission said were "clearly capable of a specific sexual meaning."

Other jocks feel that stating an opinion isn't worth the effort.

Radio's reigning bad boy, Howard Stern of WXRK-FM in New York, didn't respond to repeated calls.

"Howard gets so many calls for interviews that he only responds to the ones he wants to," says an assistant to his agent. Adds a station employee, "He would say he has no peers."

And a management-type for WLUP's Jonathon Brandmeier in Chicago comments, "I don't think we want to do the story. If it was a feature on just us, OK. But you want to know who his three favorite DJs are? I think we'll pass."

Still, several jocks offered their selections of disc jockeys they think take the zookeeper genre a step beyond the pale—and even more views of Mr. Stern.

"[Mr. Stern] gets you listening, but it would be an effort for me to tune in every day," says Steve Hansen, part of the Jimmy and Steve morning show on WMYG-FM, Pittsburgh. "I don't hear any great comedic spark there."

"He's the most overrated DJ in the country," Mr. Griswold says. "He gives the rest of us in the business a bad name."

Mr. Dee begs to differ. He calls Mr. Stern "a creative volcano with a brilliant, Lenny Bruce-type mind."

Mark Thompson and Brian Phelps, KLOS-FM, Los Angeles, dragged out a few blasts from the past as some of their favorites.

Mr. Thompson remembers hearing John "Records" Landecker on WLS in Chicago in the mid-'70s. Topping Mr. Phelps' list are Larry Lujack, another WLS personality from that era, and Spike O'Dell of WGN in Chicago—who was known as "Spike at the Mike" in Davenport, Iowa, from 1978 to 1987.

Don Geronimo, WAVA-FM, Washington, says Mr. Brandmeier is his favorite; also on his list: Scott Shannon, KROQ-FM, Los Angeles; and WLUP-AM's Steve Dahl and Garry Meier.

That Mr. Geronimo's favorites often are at the center of a controversy comes as no surprise; Mr. Geronimo and his partner, Mike O'Meara, were suspended in May for criticizing their station on the air.

The Dahl-Meier team is one of Mr. Griswold's favorites, too. "There's nobody in the whole country doing what they're doing," he says.

Mr. Griswold also likes Michael Feldman, host of "Whad'ya Know?" the syndicated National Public Radio program. He says Mr. Feldman "has a good, dry wit. He's really funny."

Don Imus, at the all-sports station WFAN, New York, was also among those touted.

Mr. Dee calls Mr. Imus "a master of preparation. He'd stay up all night [preparing] for a three-minute bit." Mr. Imus also was one of the early idols of Doug "The Greaseman" Tracht of WWDC-FM, Washington.

Mr. Hansen happens to admire "The Greaseman."

"He can do some of the most amazing things with his voice that I've ever heard," Mr. Hansen says.

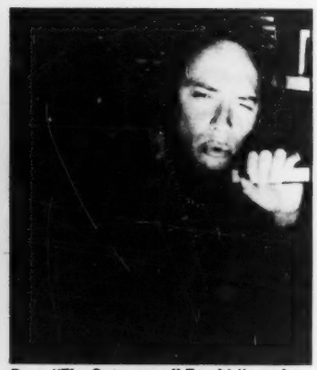
Although most of the jocks selected are known for their schtick, one was chosen for his mastery of music. Mr. Phelps calls Steve Downes, KLOS' nighttime personality, "a straight-ahead DJ, in terms of song to song."

Another perspective comes from Patty McEntee, director of public relations for Media in Morality, a New York organization that's backed the FCC in skirmishes with radio stations and often works to muzzle the morning zookeepers.

Ms. McEntee deferred when asked for her three favorite radio personalities.

"I don't think I could name any. I don't listen to the radio much, except when I'm driving. Then I listen to cassettes." □

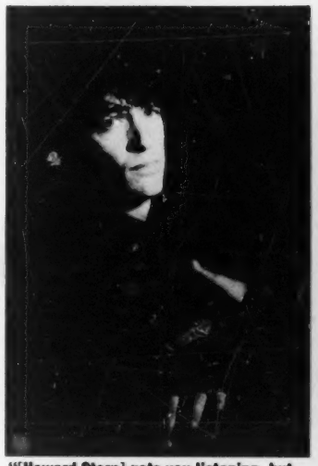
Joe Garofoli is a reporter for the Milwaukee Journal.



Doug "The Greaseman" Tracht "can do some of the most amazing thin[illegible]th his voice that I've ever heard," [illegible]says fellow disc jockey Steve Hansen.

Jonathon Brandmeier's agents say he'll participate in stories that are "a feature on just us." Otherwise, "we'll pass."

WFAN's Don Imus is "a master of preparation. He'd stay up all night [preparing] for a three-minute bit," says Gary Dee.



"[Howard Stern] gets you listening, but it would be an effort for me to tune in every day," says Steve Hansen. Adds Tom Griswold: "He's the most overrated DJ in the country."

"There's nobody in the whole country doing what [Steve Dahl (above) and Garry Meier are] doing," claims Tom Griswold.

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OUT OF LEFT FIELD

'Stayin' Alive' days gone, still Disco Dave calls for new formats

By Wayne Walley

"I don't miss radio a bit. Too many politics," says Dave Rapaport.

But in the late 1970s, as general manager of New York's WKTU-FM (now known as WXRK-FM), Mr. Rapaport turned the radio world on its ear by creating two formats.

First came the "mellow sound" soft-rock format, with its feather-light songs and hushed on-air personalities. This invention earned Mr. Rapaport the moniker "Champagne Dave."

Doug Goodman

Radio programming innovator Dave Rapaport sees little forward progress these days.

Then in 1978, as the movie "Saturday Night Fever" popularized the disco craze, Mr. Rapaport dared to turn the station into a dance club of the airwaves. This new format brought him a new nickname: "Disco Dave."

A rebel of sorts who still rides a motorcycle to work, Disco Dave was not one to endear himself to the radio powers-that-be of that era, despite what proved to be a magic programming touch.

"Somebody asked me what it meant to have an 11 share in the market, [and] I said, 'It means 89% of the people aren't listening.' My boss didn't like that too much."

By introducing disco to the airwaves, Mr. Rapaport did two things that might not be possible today: wake up listeners and do well with a new format.

Mr. Rapaport believes new formats still can flourish.

"The public is always ready for something new. You have to find a hole in the market and fill it," he says.

"The problem is there are few innovators and many copiers. The only risk-takers are the ones with economic problems.

"It helps, too, if [a radio station] is with a smaller company without a 'group program director,' whatever that is," Mr. Rapaport says.

He says he admires WHTZ-FM, a New York-area station that created the "Morning Zoo" format—now copied by stations everywhere with their own versions of wisecracking, irreverent air personalities.

"We tried to do a good morning show back in the 1970s, but it costs money," Mr. Rapaport says.

He says radio stations could save some money by eschewing big-budget promotional and advertising campaigns that herald changes in station formats.

"I remember we had a meeting on Friday with a deadline of 6 p.m. Monday to make the change to disco," Mr. Rapaport says. "I gave somebody an American Express card and a list of records to buy. At 6 p.m. [Monday] we made the change without any warning. The phone lines were jammed. We couldn't call out for four days.

"We made the change on July 18. When the book came out in December, we had gone from a 1.5 or 1.6 to an 11 share. Word-of-mouth," he says, "is the best advertising."

Today, at age 55, Mr. Rapaport is VP-media director for CSI International, one of the nation's leading barter companies. In exchange for ad time on radio stations or other valuable commodities, the company offers stations anything from hotel rooms to airline tickets.

"There's no publicity, and no one knows who you are but your banker," he snickers. □

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WORLD BRANDS

Multinational shops, clients

Who has what accounts where

For the sixth annual *Advertising Age* World Brands report, the following criteria were used:

- Accounts must be served in at least four countries as of June 30, 1990.
- The combined client business must total at least $5 million.

The report is divided into two sections.

Those agencies listing offices in 39 or more countries overseas —13 of the 26 agencies surveyed—are included in the first section. McCann-Erickson Worldwide's chart, due to its size, is listed out of alphabetical order at the end of the first section.

Eastern European offices are listed under Europe.

Asterisks denote non-equity affiliations. □

Next challenge: Re-regulation

1992 adding up to tough ad restrictions

By Laurel Wentz

As the 12 European Community nations seek common ground for setting rules that will govern a unified European market, industry officals grappling with tough issues can best describe the difficulties with anecdotes.

One favorite of Angela Mills, special issues and European affairs director for the U.K. Advertising Association, goes like this: In the U.K., everything is allowed if not specifically forbidden. In Germany, everything is forbidden if not specifically allowed. In Italy, everything is allowed, even if forbidden, and in Belgium, nobody knows what's forbidden.

With only 27 months until the single European market is official in December 1992, marketers are increasingly alarmed at the growing trend toward re-regulation rather than deregulation.

"Progress toward harmonization is most likely to follow the 'lowest common denominator' pattern, with substantially negative results for the advertising business," Ms. Mills said. "The consensus always goes toward heavy restriction."

Need to harmonize

Advertisers agree that harmonizing incompatible and conflicting local rules—which often hamper pan-European marketing and advertising—is necessary. But they feel the EC is picking the most restrictive standards.

"There are a number of developments internationally in which we can see a trend toward the very strongest type of ban," said Paul Curtis, executive director of International Distillers & Vintners and chairman of the U.K. Advertising Association's working party on alcohol advertising.

"Progress toward harmonization is most likely to follow the 'lowest common denominator' pattern, with substantially negative results for the advertising business. The consensus always goes toward heavy restriction."

For example, a draft directive limiting tobacco advertising to package shots—showing only photographs or illustrations of the products—was strengthened into a total ban by the European Parliament, rejected by the European Commission on technical grounds and is now deadlocked at the Council of Ministers. A revised text calling for a total ban is likely soon.

EC-wide directives tend to incorporate the most restrictive national regulations in areas such as alcohol advertising, pharmaceutical advertising, health claims in food advertising, financial services advertising and data protection rules affecting direct marketing.

"They end up harmonizing the restrictions instead of harmonizing the freedoms," Ms. Mills said.

While EC legislators debate the issues, member countries have continued to pass increasingly restrictive national laws, hoping they will become the EC-wide standard.

Total bans

France has approved a draft law that would ban tobacco advertising and severely restrict alcohol advertising (AA, July 2). In Spain, the government last month drafted a bill that would ban all tobacco advertising on radio except from 10 p.m. to 8 a.m. (AA, Sept. 3). Greece in 1987 banned toy advertising.

"If three [EC] countries have an alcohol adver-

(Continued on Page 58)

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Air New Zealand																																							
Austin Rover																																							
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Mars Confectionery																																							
Pet Food																																							
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Nicholas																																							
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N.V. Philips																																							
Prudential																																							
3M																																							
Tambrands																																							
Thomas Cook																																							
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*Non-equity affiliation **Middle East comprises Bahrain, Lebanon, U.A.E., Egypt, Kuwait and Saudi Arabia. Source: Backer Spielvogel Bates Worldwide

BBDO WORLDWIDE

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PepsiCo																																																	
PepsiCo Foods																																																	
N.V. Philips																																																	

(Continued on Page 58)

EC rules

(Continued from Page 57)

tising ban, there is very strong pressure from those countries to have very severe restrictions on alcohol advertising" at the EC level, Ms. Mills said. "I'm not saying they don't have the right to do it in their own countries, but those strict rules should not end up being the [European] common denominator."

EC laws take precedence over national ones, but when setting new rules for areas such as alcohol and tobacco advertising, the EC considers existing national laws.

In 1985, the EC drew up nearly 300 measures necessary for removing technical, tax and physical barriers to trade between members. About 60% of these have been adopted by the Council of Ministers.

The legislative process starts when the European Commission, the body proposing all legislation, adopts a text for a directive. This goes to the Council of Ministers, which seeks the European Parliament's opinion.

"If three [EC] countries have an alcohol advertising ban, there is very strong pressure from those countries to have very severe restrictions on alcohol advertising" at the EC level.

Angela Mills, special issues and European affairs director, U.K. Advertising Association

The directive then goes back to the commission as a proposed revised text, including the opinion of the council. If acceptable, it goes back to the European Parliament for a second reading. At that stage, the Parliament can adopt, reject or amend the council's opinion. Then it returns to the council, which has three months to adopt the directive.

To facilitate the legislative process for measures deemed essential, the EC no longer requires a unanimous vote from the decision-making Council of Ministers. Now, each country still has only one minister, who receives a weighted number of votes based on population, ranging from two for Luxembourg to 10 each for West Germany, the U.K., France and Italy.

Controversial legislation has a better chance of passing, since only 54 votes rather than all 80 are needed for passage. Currently, the U.K., West Germany and the Netherlands have a blocking minority on the tobacco advertising legislation, now deadlocked. It's likely to be redrawn in a more restrictive form.

"The fear is that the longer you have a stalemate, the

Kronenbourg faces tight restrictions as 1992 approaches. Young & Rubicam, Paris, created this ad, headlined, "Let's share our differences."

European Commission will withdraw the proposal and come back with a total ban," Ms. Mills said.

Lobbying groups form

To fight restrictive proposals and gain access to EC legislators, marketers are forming Europewide lobbying associations.

"The European Commission is not interested in discussing with individual companies their problems, but they [will talk] with trade associations at the European level," said Tony Coad, London managing director of NDL International, a data base company, and chairman of the public affairs task force of the Brussels-based European Direct Marketing Association.

BBDO WORLDWIDE (cont'd)

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Xerox					●									●		●																											●									

*Non-equity affiliation. Source: BBDO Worldwide

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BASF	●	●		●										●	●	●	●		●	●	●			●	●						●													
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Procter & Gamble/RVI	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●		●		●	●		●	●	●	●							●			●	●		
United Airlines	●									●				●	●	●	●		●	●		●		●	●						●	●							●	●	●	●		
United Distillers (Guinness)	●													●	●	●	●		●			●			●			●			●	●							●	●	●	●		

*Non-equity affiliation. Source: Leo Burnett Co.

D'ARCY MASIUS BENTON & BOWLES

Clients:	The Americas						Europe																												Middle East				Pacific													
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Abbott Laboratories	●														●								●				●				●												
American Home Products	●														●					●			●																				
Anheuser-Busch Cos.	●	●			●																		●																				
Bahamas, Ministry of Tourism	●											●			●								●																				
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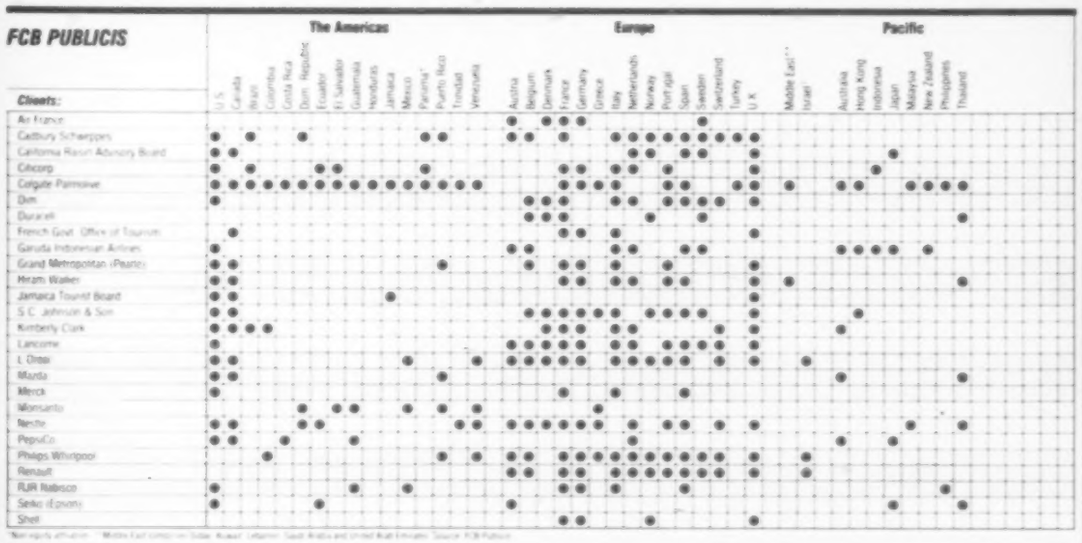
Mars Inc.	●	●		●				●	●	●	●	●	●	●	●	●	●		●	●			●				●				●											
Mars Petcare		●						●	●	●	●	●	●	●	●	●	●		●	●			●				●				●											
Merck Sharp & Dohme	●	●													●								●																				
Nobel Industries								●	●	●	●	●				●			●	●			●																				
Nokia								●	●	●	●	●		●	●	●			●	●			●																				
Pernod-Ricard	●								●	●		●						●					●																				
Pfizer	●											●			●								●																				
N.V. Philips	●	●	●					●	●	●	●	●	●	●	●	●	●		●	●			●				●				●											
Procter & Gamble/RVI	●	●		●			●	●	●	●	●	●	●	●	●	●	●		●	●			●				●				●											
Rhone-Poulenc			●									●	●		●				●				●																				
Sandoz												●	●		●				●				●																				
Sanofi												●	●		●				●				●																				
SKF-Beecham												●	●										●																				
Texaco				●						●								●					●																				
Thailand Tourist Board												●	●		●								●																				
3M				●								●	●			●							●																				
United Distillers								●	●					●	●								●																				
Wellcome Foundation												●	●		●								●																				

*Non-equity affiliation. Source: DMB&B

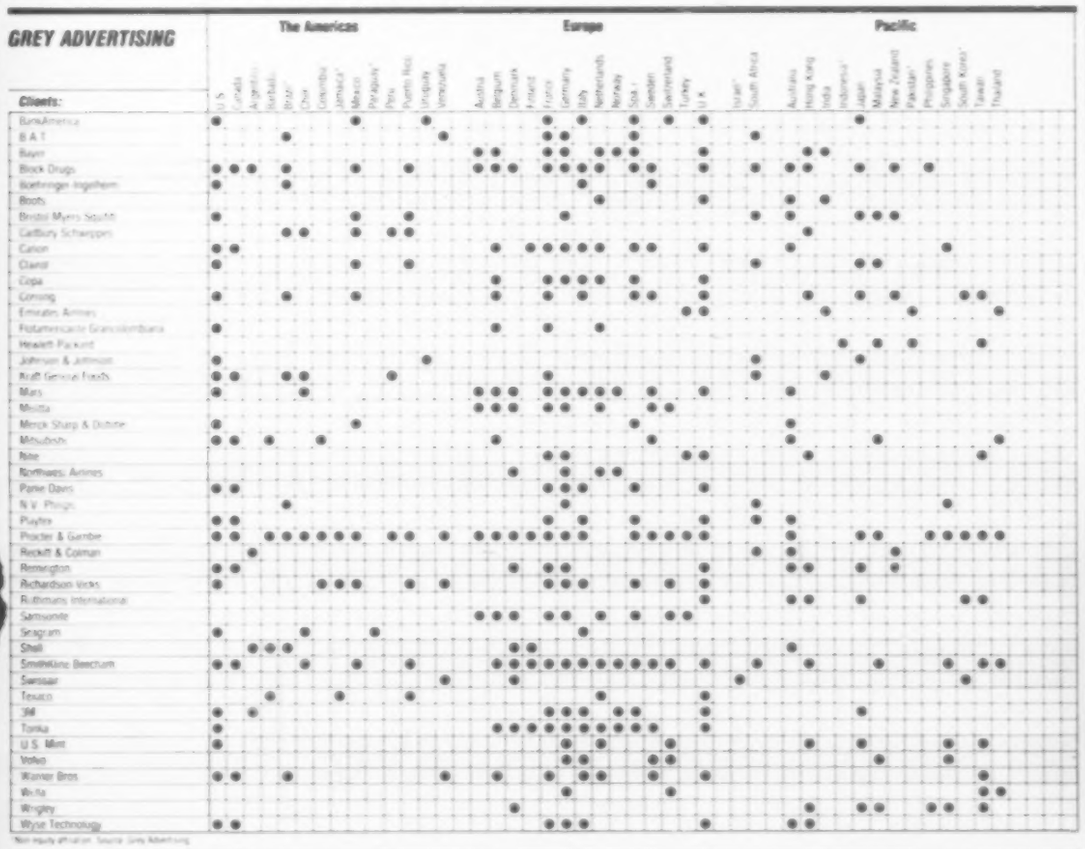
DDB NEEDHAM WORLDWIDE

| Clients: | The Americas | | | | | | | | | | | | | | | | | | |

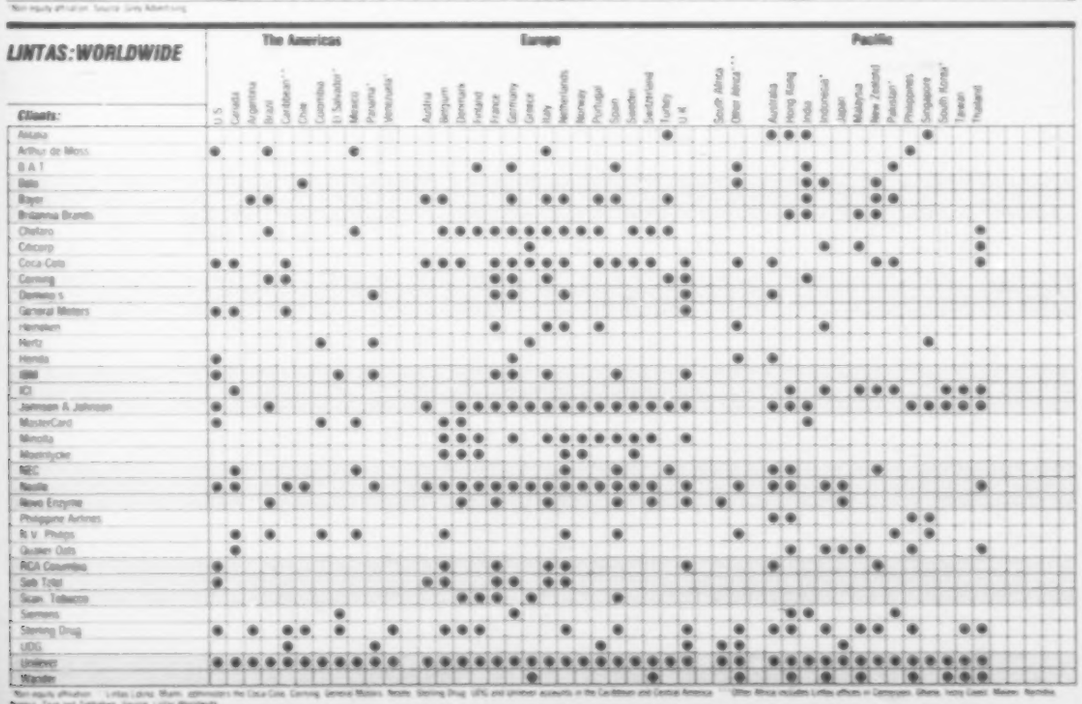
FCB PUBLICIS



GREY ADVERTISING



LINTAS: WORLDWIDE



DUE TO ITS GREATER WIDTH, THE CHART FOR McCANN-ERICKSON APPEARS ON PAGE 61.

Il n'y a pas que les belles images publicitaires qui donnent envie de boire de l'alcool.
SACHONS INTERDIRE LA PUBLICITE AVEC MODERATION.

McCann-Erickson, Paris, created this ad opposing the draft law against alcohol advertising. It reads: "It's not just pretty ads that make you want to drink alcohol."

Re-regulation

(Continued from Page 58)

get marketing impossible.

Toy companies are forming the Toy Manufacturers of Europe this month in Brussels to gather information and make recommendations to the European Commission, even though no toy advertising legislation has been proposed yet.

"The first stage is to compare what's happening [in different countries] and see how we can contribute to harmonization," said Jean Paul Charpentier, the general manager of Lego France, who will be the group's chairman.

Toy restrictions

Local restrictions for toy advertising vary greatly, Mr. Charpentier said.

In France, ads aimed at children aren't allowed to use famous people to recommend a product or children to name a brand or even wear colors associated with the brand. In Denmark, ads can't feature figures or dolls that are characters in children's TV shows.

"It is very difficult for manufacturers to have a spot that can be distributed throughout Europe," Mr. Charpentier said. Other directives are making their way through numerous committees and bureaucrats at the European Commission and the Council of Ministers. Among them:

"The European Commission is not interested in discussing with individual companies their problems. . . ."

Tony Coad, chairman, public affairs task force, European Direct Marketing Association

- A draft directive on pharmaceutical advertising, which would restrict, among other things, promotion of ethical drugs even to doctors, has been sent to the European Parliament for an opinion.

New restrictions could be added, though no one knows what they might be.

"That's one of the things we worry about," Ms. Mills said. "Although the current draft is not overly restrictive, it's still got to pass the European Parliament."

- A preliminary text of a food claims directive will be presented to an EC advisory committee Sept. 17. Food marketers object to the proposed directive because it bans all claims unless specifically allowed in the directive. At the moment, the working document defines and restricts claims such as the food product is natural, new, superior or award-winning.

The directive would prohibit claims linking health and nutrition with a brand. It would also define and restrict the use of claims that a food is alcohol-free or has a high or low content of certain nutrients or energy. Unless authorized by EC legislation, claims that "knock" other foods, claims that everyday foods can't supply adequate nutrition, claims that a foodstuff has acquired extra nutritive value from additives like vitamins and claims that any particular foodstuff meets full nutritional and energy needs could be prohibited.

"Consumers are looking for different things, like low-fat or natural foods, so claims become quite important," said Valerie Saint, head of legal services at Unilever's Birds Eye Wall's Ltd., marketer of frozen foods and ice cream.

If the directive passes, brands such as H.J.

(Continued on Page 60)

'92 moves

(Continued from Page 59)

Heinz Co.'s Weight Watchers and Unilever's Healthy Options frozen meals, which are sold as healthy, low-calorie foods, probably couldn't be positioned as such in advertising. Even Healthy Options' on-pack panel linking the brand with healthy, low-fat eating would be disallowed.

■ The EC hasn't proposed restrictions on alcohol advertising yet. It is closely watching the Council of Europe, a parallel and sometimes rival body of 21 European countries scheduled to debate a total alcohol ban during its Parliamentary Assembly Oct. 4.

Regulations passed by the Council of Europe are generally considered less of a threat than EC legislation because they're only binding for those nations that sign them.

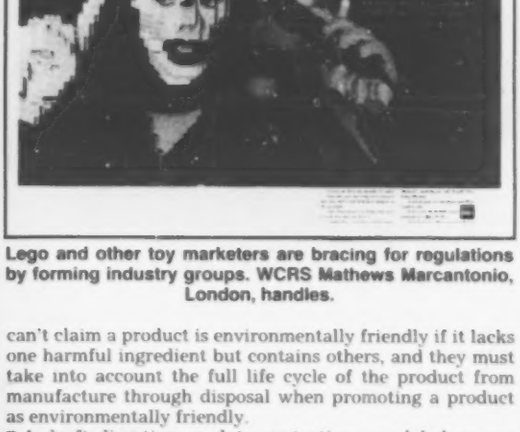
Many countries plan to limit tobacco advertising. Collett Dickenson Pearce, London, created the humorous Gallaher Tobacco ads.

Member states that disagree with a Council of Europe convention can simply ignore regulations by refusing to sign. However, advertisers are concerned that a Council of Europe ban would encourage the EC to propose a similar ban.

"We're looking for a responsible approach to the abuse of alcohol," said International Distillers' Mr. Curtis. "We believe the Council of Europe proposal will go well beyond that, and we're very concerned [that] that and the French move [to severely restrict alcohol advertising will encourage] a possible EC draft directive."

■ An EC move to permit comparative advertising, currently banned in most EC countries, is a rare bright spot for advertisers. A formal proposal allowing ads to make direct comparisons is expected by yearend.

■ The European Commission is considering a labeling system to identify environmentally safe products. Separately, several countries have adopted codes to regulate claims. In the U.K. code adopted in June, for example, advertisers



Lego and other toy marketers are bracing for regulations by forming industry groups. WCRS Mathews Marcantonio, London, handles.

can't claim a product is environmentally friendly if it lacks one harmful ingredient but contains others, and they must take into account the full life cycle of the product from manufacture through disposal when promoting a product as environmentally friendly.

■ A draft directive on data protection—modeled on existing West German legislation—severely restricts the collection and use of information about individuals. If passed, direct marketing, credit cards and other financial services will suffer.

Direct marketing companies would be barred from obtaining enough information to target prospects and be forced to use mass mailings, NDL International's Mr. Coad he said. Credit card companies and banks would be banned from transferring information from an EC nation to a country, such as the U.S., that has lower standards of data

(Continued on Page 61)

OGILVY & MATHER WORLDWIDE

| Clients: | The Americas | | | | | | | | | | | | | | Europe | | | | | | | | | | | | | | | | | | | | Middle East | | | | | Pacific | | | | | | | | | | | | | | | | | | |

J. WALTER THOMPSON CO.

| Clients: | The Americas | | | | | | | | | | | | | | | | | | | | | | | | Europe | | | | | | | | | | | | | | | | | | |

AGENCIES WITH OFFICES IN FEWER THAN 39 COUNTRIES

ALLIANCE INTERNATIONAL

Clients:	Europe: Belgium*	Denmark*	France	Germany	Greece*	Ireland	Italy	Netherlands	Portugal	Spain	Sweden	Switzerland	U.K.	Yugoslavia*
Comm. of the European Community	●	●	●	●	●	●	●	●	●	●			●	
Fruit of the Loom			●	●			●			●			●	
Lucas Automotive Aftercare		●	●	●			●			●			●	
Milupa Babyfoods			●	●			●		●	●			●	
Yugoslav Government Tourist Board				●							●	●	●	

*Non-equity affiliation. Source: Alliance International

N W AYER

Clients:	U.S.	Europe: Austria*	Belgium*	Denmark*	Finland*	France	Germany	Greece*	Italy	Netherlands	Norway*	Portugal	Spain	Sweden*	Switzerland*	Turkey	U.K.	Pacific: Japan*
Beiersdorf						●	●		●				●			●		
Fichet Bauche						●	●		●				●			●		
General Electric						●	●		●				●			●		
Gillette	●						●		●		●		●		●	●		●
Iberia Airlines	●		●				●		●		●		●		●	●		●
Merlin Gerin						●	●		●				●			●		
Ricoh			●	●	●	●	●	●	●	●	●		●		●	●		
Ryobi				●		●	●		●				●			●		
SEAT			●			●	●		●				●			●		

*Non-equity affiliation. Source: N W Ayer

BDDP

Clients:	U.S.	Europe: Austria*	Belgium	Denmark*	France	Germany	Italy	Netherlands	Norway*	Spain	Sweden*	Switzerland*	U.K.	Africa: Cameroon*	Ivory Coast*	Kenya*	Senegal*	Pacific: Australia*	Hong Kong	Japan*	Malaysia	New Zealand*	Philippines	Singapore	Taiwan
BSN Gervais Danone			●		●		●	●		●															
Gaas													●					●	●		●			●	
Dragon Air					●	●	●						●					●	●	●	●	●	●	●	
Exxon Chemical			●		●	●	●						●												
Hasbro			●		●	●	●			●			●												
Korean Air			●		●	●	●						●												
Michelin		●	●	●	●	●	●			●	●		●	●	●	●	●								
Polaroid			●		●	●	●						●												
Reckitt & Colman					●	●	●			●			●												
Singapore Airlines	●		●	●	●	●	●	●	●	●	●	●	●					●	●	●	●	●	●	●	●
Singapore Tourist Board	●		●	●	●	●	●	●	●	●	●	●	●					●	●	●	●	●	●	●	●
Tag Heuer Watches	●		●		●					●			●												
Tiger Balm	●				●	●	●						●												
Unza																		●	●	●	●	●	●	●	●
UOB	●												●					●	●	●	●	●	●	●	●

*Non-equity affiliation. Singapore Airlines and Singapore Tourist Board are accounts handled by Singapore based Batey Advertising, in which BDDP holds 20% equity. Source: BDDP, Paris

BOZELL

Clients:	The Americas: U.S.	Canada	Brazil*	Chile*	Colombia*	Mexico	Puerto Rico	Europe: Austria	Belgium	France	Germany	Greece**	Italy	Netherlands	Portugal	Spain	Switzerland*	U.K.	Pacific: Hong Kong	Japan	Malaysia	Singapore	South Korea	Taiwan
Chrysler	●					●	●		●	●	●			●				●	●	●				●
Merrill Lynch	●	●									●													
Patek Philippe	●										●													
Rockwell International	●	●									●							●						
Samsung	●	●	●	●	●	●					●	●			●			●						
Sunkist																			●	●	●	●		
Texas Instruments	●									●	●	●		●				●	●	●				

*Non-equity affiliation. **Bozell administers business in Kuwait and Lebanon from its Athens office. Source: Bozell

CHIAT/DAY/MOJO

Clients:	U.S.	Canada	U.K.	Pacific: Australia	Fiji*	Hong Kong	Japan*	Malaysia*	New Zealand	Singapore	Taiwan*	Thailand*
Australian Tourist Commission	●		●	●		●				●	●	●
Canon				●			●	●		●		
Koala Springs	●	●		●		●						
Meadow Lea Foods				●			●		●	●	●	●
Mitsubishi Electric	●			●			●		●	●	●	●
Qantas	●		●	●	●	●	●	●	●	●	●	●

*Non-equity affiliation. Source: Chiat/Day/Mojo

DENTSU

Clients:	U.S.	Pacific: Australia	Japan	Thailand
Canon	●	●	●	●
Japan Air Lines	●	●	●	●

Source: Advertising Age

EUROCOM WCRS DELLA FEMINA BALL

Clients:	The Americas: U.S.	Argentina*	Brazil*	Chile*	Mexico*	Peru*	Uruguay*	Venezuela*	Europe: Austria*	Belgium	Denmark	France	Germany	Greece*	Italy	Netherlands	Norway*	Portugal*	Spain	Sweden*	Switzerland*	U.K.	Pacific: Australia	Hong Kong	Malaysia	New Zealand	Singapore	Taiwan	Thailand
Air India																						●					●	●	●
B A T																							●	●			●	●	●
Bayer	●																						●	●			●	●	●
BMW																		●				●		●			●	●	●
BP												●				●						●		●					
Bristol-Myers Squibb	●															●						●							
BSN										●		●				●			●										
Cadbury Schweppes												●											●	●	●		●		
Canon																●						●							
Dow Chemical	●									●		●				●							●					●	
Fabbri										●		●				●			●										
Hong Kong Shanghai Bank																								●			●	●	●
Lego										●		●				●													
L Oreal												●				●													
Maple Leaf										●						●													
Matsushita (Panasonic)																●			●										
Mitsubishi												●				●													
Nestle	●											●																	
Pan Am	●	●	●	●	●	●	●	●	●	●		●		●	●	●	●	●	●	●	●								
Parker Pen																							●	●	●	●	●	●	●
Sara Lee												●										●	●						
Schering-Plough	●									●		●							●										
Toshiba	●											●							●										
Unilever												●	●			●						●							
United Distillers										●	●	●	●	●															

(Continued in next column)

EUROCOM WCRS DELLA FEMINA BALL (cont'd)

Clients:	The Americas: U.S.	Argentina*	Brazil*	Chile*	Mexico*	Peru*	Uruguay*	Venezuela*	Europe: Austria*	Belgium	Denmark	France	Germany	Greece*	Italy	Netherlands	Norway*	Portugal*	Spain	Sweden*	Switzerland*	U.K.	Pacific: Australia	Hong Kong	Malaysia	New Zealand	Singapore	Taiwan	Thailand
Zenith Computers									●	●		●	●		●	●	●		●	●	●	●							

*Non-equity affiliation. Source: Eurocom WCRS Della Femina Ball

FCA! GROUP

Clients:	Europe: Belgium	France	Germany	Italy	Netherlands	Portugal*	Spain	U.K.
Burberrys	●	●	●	●	●	●	●	●
Ducros	●	●				●	●	
Nestle	●	●			●			●
Phas	●	●	●	●	●			
Helena Rubinstein	●	●	●	●	●		●	●
Sportinx	●	●	●	●	●		●	●
Vichy	●	●	●	●	●	●	●	●
Unguaro	●	●	●	●	●		●	●

*Non-equity affiliation. Source: FCA! Group

HAKUHODO

Clients:	U.S.	Europe: France	Germany	Italy	Netherlands	U.K.	Pacific: Australia*	Hong Kong	Japan	Malaysia	Singapore	Taiwan	Thailand
Ajinomoto	●							●	●			●	●
Canon	●			●	●			●	●				
Citizen			●			●		●	●			●	
Isetan								●	●				
KAO								●	●	●	●	●	●
Konica				●				●	●	●	●	●	●
NEC	●		●	●		●		●	●	●	●	●	●

*Non-equity affiliation. Source: Hakuhodo

HDM

Clients:	U.S.	Europe: Austria	Belgium	Denmark	Finland	France	Germany	Greece	Italy	Netherlands	Portugal	Spain	Sweden	Switzerland	Turkey	U.K.	Pacific: Australia	China	Hong Kong	India*	Indonesia	Japan	Malaysia	New Zealand	Philippines	Singapore	South Korea	Taiwan	Thailand
Adidas																			●		●	●							
AT&T																			●			●			●	●	●	●	
BSN Gervais Danone	●		●		●		●		●			●		●		●											●		
Chanel																													
Credit Sussse	●		●	●		●	●			●		●		●	●	●													
Colgate-Palmolive	●																		●	●	●	●	●		●		●	●	
Du Pont				●				●							●				●	●	●	●	●		●		●	●	
Federal Express	●															●		●	●			●	●		●		●	●	
Henkel			●	●			●		●			●																	
Hero										●	●		●		●														
Hewlett-Packard International	●		●									●		●					●										
Hong Kong Tourist Association																			●	●	●	●	●	●	●	●	●	●	
Jacobs Suchard			●			●						●		●					●										
JAL																			●						●	●	●		
Kentucky Fried Chicken	●																		●			●			●		●		
Kleber			●			●	●		●																				
L Oreal											●																		
Mita	●			●						●	●		●																
NEC	●											●							●				●						
Pernod-Ricard															●	●													
Peugeot	●		●	●		●	●	●	●	●					●	●													
Rhone Poulenc							●					●				●													
Royal Canadian Mint																			●								●		
3M			●	●		●	●	●	●	●	●	●	●	●	●	●													
Toshiba					●			●								●			●		●				●				
Unisys																			●							●			

*Non-equity affiliation. Source: HDM

LOWE INTERNATIONAL

Clients:	U.S.	Canada	Europe: Austria	Belgium*	Denmark*	Finland*	France	Germany	Italy	Netherlands*	Norway*	Portugal*	Spain	Sweden*	Switzerland*	U.K.
Avis			●	●	●	●	●	●	●	●	●	●	●	●	●	●
Bols			●	●	●	●	●	●	●	●	●	●	●	●	●	●
Coca-Cola	●		●	●				●		●						
General Motors			●	●				●	●	●						●
Henkel		●	●	●				●	●	●				●		
Hoover			●	●				●								
Interbrew			●	●	●	●	●	●	●	●	●	●	●	●	●	●
Parker Pen	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
G D Searle	●	●	●					●		●						
Sisley	●	●	●			●	●	●	●	●		●		●	●	●

*Non-equity affiliation. Source: Lowe International

ROUX SEGUELA CAYZAC & GOUDARD

Clients:	Europe: Austria	Belgium	France	Germany	Greece	Italy	Netherlands	Spain	Switzerland	U.K.	Africa: Morocco	Saudi Arabia
Cartier			●	●			●			●	●	●
Citroen	●	●	●	●		●	●	●	●	●		
Club Mediterranee	●	●	●	●		●	●	●	●	●		
Moulinex	●	●	●								●	
Tambrands	●	●	●	●	●	●	●	●	●	●		

Note: For some clients, RSCG handles creative work in Paris, but media is placed directly by the client in other countries. Clients and countries handled in this manner are **Cartier** in the U.S., Austria, Belgium, Italy, Spain, Switzerland, Australia, Hong Kong, Japan, Singapore and Thailand; **Guerlain** in the U.S., Canada, Mexico, Austria, Belgium, Germany, Greece, Italy, Netherlands, Portugal, Spain, Sweden, Switzerland, U.K., Saudi Arabia, Australasia, Hong Kong, Japan, New Zealand, Singapore and Thailand; **Piaget** in Argentina, Brazil, Mexico, Venezuela, Austria, Denmark, Greece, Portugal, Spain, Switzerland, U.K., Saudi Arabia, Hong Kong, Japan and Singapore; **Citroen** in Denmark, Greece, Norway, Portugal and Sweden; and **BIC** in Japan; also handled by RSCG offices in France, Morocco and Saudi Arabia. Source: Roux Seguela Cayzac & Goudard

TBWA

Clients:	U.S.	Europe: Austria	Belgium	Denmark	France	Germany	Greece	Italy	Netherlands	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	U.K.	U.S.S.R.	Pacific: Hong Kong	Japan
Absolut	●				●	●	●					●				●			●
Aerolineas Argentina					●	●	●		●			●							
Barilla			●		●	●	●					●	●			●			
Beiersdorf	●		●		●	●	●		●			●	●					●	
Bosch			●		●	●	●	●				●	●						
BSN	●		●													●			
Bull Computers			●	●	●	●	●		●			●	●						
Delsey	●		●		●	●	●		●			●	●						
Evian	●											●				●			
Fromageries Bel	●			●	●	●										●			
Goldstar	●													●		●			
Hanes			●		●	●	●		●			●				●			
Hermes			●		●	●	●		●			●							
IDV	●								●			●				●			
Monsanto	●				●	●	●		●										
Philip Morris			●		●	●	●		●										
Tonyma					●	●	●												

Source: TBWA

World ad spending: outlook dim

Middle East trouble adds to uncertainty

An Advertising Age roundup

The ad world is sluggish.

Recessions in Brazil and Australia, soft Canadian and U.K. markets, and jitters in Hong Kong about 1997 darken hopes of ad spending growth, according to *Advertising Age's* most recent survey.

And the Middle East crisis has made forecasting even harder.

"This Mideast thing has created uncertainty for the economies of many countries," said Robert Coen, senior VP-director of forecasting at McCann-Erickson Worldwide, New York.

Earlier this year, Mr. Coen predicted U.S. ad spending would grow 5.3%, including inflation, but he now expects less growth.

"In the U.S., economists are modifying the economic picture," he said. "Instead of the gradual improvement we were due for, we're not going to be able to count on that. It's now apparent that the country is moving a lot slower than it had been thought."

The following estimates compiled by *Advertising Age* express ad spending growth figures—where available—based on local currencies and in real terms, meaning inflation has been filtered out.

Europe

Saatchi & Saatchi Co., London, has downgraded its forecast for ad spending growth in Europe in 1990 to 10.2% from 11.5%. (Saatchi's pan-European figures haven't been adjusted for inflation.)

The downgrade is based on poor performance in the U.K., Norway, the Netherlands and Turkey, which Saatchi calls "the four worst performing markets in the world."

The company's latest twice-yearly Advertising Expenditure Forecasts was published in July.

U.K. research group Market Penetration Services predicts an increase in U.K. ad spending of only 3.1% a year in real terms until 1992.

The West German ad trade organization, ZAW, expects 3% to 4% real growth for 1990, following 6% growth for 1989.

Industry sources say the opening of East Germany may have considerable influence on West German ad spending for the rest of this year. But ad spending by West German marketers in East Germany is cannibalizing budgets originally targeting West Germany.

"For . . . consumer companies, the main target of the marketing and sales managers is East Germany," said Bernd Michael, ceo of Grey Gruppe Deutschland, Duesseldorf.

The Saatchi report claims growth in Europe, where ad spending averaged an 11% increase since 1981, lives on despite the poor performance in certain countries due to the deregulation of TV.

Most countries are now allowing private TV channels to compete with state-owned channels, and dozens of satellite-delivered channels have been launched.

In Spain, total ad spending for the first half increased 15.5% in real terms. Despite the government's current restrictive monetary policies, ad spending for the entire year is expected to grow 15% in real terms.

Two new national private TV channels, Antena 3 and Telecinco, ended state-run network TVE's monopoly and increased ad time.

Growth is expected to continue in Italy and France, due to the development of private TV and increased TV ad time in recent years, McCann's Mr. Coen said.

"Italy picked up a few years ago and is still going," he said.

In Mr. Coen's June report, he predicted Italian ad spending would increase 9.2% combined with a 6.1% inflation rate. For France, he expected 11% growth and a 3.3% inflation rate.

Asia/Pacific

The Australian ad industry is having its worst year in more than a decade.

Spending has dropped, major agencies are shedding up to 10% of staff and debt collectors are hard at work for agencies.

"There's no question there's been a tendency for payment to be a little late," says Malcolm Spry, chairman of HDM Mattingly, Sydney. "We now employ full-time credit-control people in both Sydney and Melbourne."

Best estimates are that real ad spending growth will fall this year between 1% to 2%.

"The dollars just aren't there," said Kate Henley, executive director of the Australian Association of National Advertisers. "Spending is very flat, a slightly negative growth rate."

After 0% real growth in the first half of 1990, Hong Kong ad spending is looking up in the second half, with a 5% real gain expected.

The first half's poor performance could be traced to the Tiananmen Square massacre in Beijing in June 1989, agency sources say. Hong Kong will be returned to China in 1997.

"After June 4 [1989], most agencies received calls from clients requesting cutbacks on ad spending," said Kim Walker, managing director of Backer Spielvogel Bates, Hong Kong.

The looming November ban on TV tobacco advertising won't help ad spending.

"You have a total cigarette ad budget of $50 million in Hong Kong, which is going to be impossible to replace in new media," Mr. Walker said.

After real ad spending growth of 23.6% last year, Taiwan is also cooling off.

Plunges in real estate values and the stock market have caused product sales to soften and the ad industry to see "some slowdown," said Andy Lai, general manager of Leo Burnett Co., Taipei.

After growth slowed to 10.1% in the first half of 1990, the second half's increase is expected to only be 5.5%. For all of 1990, 7% real growth is expected.

Japan's growth is slowing but still strong. Total ad spending is expected to increase 6.5% to 7.5% this year, according to estimates by Dentsu, Tokyo. However, this is much lower than 1989, when spending grew 14.8%.

Increased spending comes from new-product launches by home electronics and automobile companies, increased competition in several consumer goods categories and more spending by financial institutions.

It remains to be seen how Japan, so dependent on foreign oil, will fare as a result of the Middle East crisis, McCann's Mr. Coen said.

Americas

In Canada, ad spending is expected to remain stagnant for the rest of 1990, with 0% growth predicted after inflation. For the past 18 months, real ad spending growth has been limited to about 1%, industry sources say.

Canadian ad spending may even decrease next year. A 7% federal goods and services tax will be introduced in January.

"I think we're starting to see a softening this year, and 1991 will be worse," said Kathie Shearer, senior VP-national media director at McCann-Erickson, Toronto. "No one is quite sure what will happen to prices as a result of the new tax."

With lower inflation, Brazil's ad spending actually appears to be entering a recession. Ad spending came in fits and starts during the first half but is expected to fall off significantly from now on, sources say.

Since March, when President Fernando Collor announced his strict anti-inflation plan, magazine ad pages have fallen sharply as big advertisers cut spending.

"We'll have negative growth compared to last year. Money will be short," said Roberto Duailibi, partner in Duailibi, Petit, Zaragoza, Sao Paulo. He forecasts a 20% drop from last year's $2.7 billion ad spending. ☐

Written by Julie Skur Hill from correspondent reports.

HOLLY SEGUINE

Vacationers turning to TV

By Wayne Walley

NEW YORK—Summer vacationers like to watch TV, and they watch it in places that Nielsen Media Research doesn't measure, a study sponsored by ABC-TV found.

More than 79 million Americans vacation away from home during the summer. In a telephone survey of 1,003 adults ages 18 and older, 77% of those who vacationed away from home in June and July watched TV an average of three hours a day while on vacation. The survey conducted July 30 to Aug. 6 by Bruskin Associates is the latest study in which the network has participated to determine how many people are watching TV away from home.

"The goal and objective is to gain insight into who's watching what, when and where. Eventually, we hope out-of-home viewing is measured and made a part of the ratings system," said Richard Montesano, VP-market research for ABC Television Network Group.

People who go away from home on summer vacations are a desirable advertiser audience, the survey found. Those people are more likely to be adults 18 to 49 with college or graduate school education, and employed in professional or managerial positions with incomes of more than $50,000 a year.

"Eventually, we hope out-of-home viewing is measured and made a part of the ratings system."

The nationwide telephone survey found that 43% of those interviewed had taken or would take a vacation away from home this summer. Of the summer vacationers, 92% have access to a TV away from home, the survey found.

Those who said they watched TV away from home were almost exclusively in locations not measured by Nielsen, including hotel/motel rooms, second vacation homes and condominiums, bars, restaurants and parks.

The survey's margin of error was plus or minus 3%.

Most advertisers acknowledge the existence of out-of-home viewing, and say they're willing to pay premiums for certain programs and sporting events because of this unmeasured audience.

However, the media buying community argues that adding unmeasured out-of-home viewing to the ratings is a way for the networks to increase prices.

Mr. Montesano said this attitude camouflages the issue.

"How do we really know people are watching out of their homes unless we do this?" he said. "Maybe more younger men are watching football out-of-home, and that isn't reflected in the network ratings. So an advertiser ends up buying other media and spending more money to reach young men when [it] might already have them in football. Knowing the entire audience can help both sides." ☐

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